

PROPERTY INSURANCE CERTIFICATE



EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)
01/14/2011

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS MARSH 1000 RIDGEWAY LOOP ROAD MEMPHIS, TN 38120		PHONE (A/C, H, Ext):	COMPANY NAME AND ADDRESS Allstate FM Insurance Company	NAIC NO: 10014
754724-Acord--		Various Loc	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
FAX (A/C, H):	E-MAIL ADDRESS:	SUB CODE:	POLICY TYPE	
CODE:	AGENCY CUSTOMER ID #:		LOAN NUMBER 070004366	POLICY NUMBER GK479
NAMED INSURED AND ADDRESS Grace Healthcare, LLC Attn: Martha Abonombio 7201 Shallowford Road, Suite 200 Chattanooga, TN 37421		EFFECTIVE DATE 07/01/2010	EXPIRATION DATE 07/01/2011	CONTINUED UNTIL TERMINATED IF CHECKED
ADDITIONAL NAMED INSURED(S)		THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required) ☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION
General Electric Capital Corporation ISAOA, ATIMA, GE Healthcare Financial Services, c/o GEMSA Loan Services, LP, is added as mortgagee and loss payee as respects attached locations as required by contract and subject to closing on 1/18/2011

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION		PERILS INSURED	BASIC	BROAD	X	SPECIAL	48
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE:		\$ 150,000,000	DED: \$10,000				
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	YES	NO	N/A	IF YES, LIMIT:			X Actual Loss Sustained; # of months: 12
BLANKET COVERAGE	X			IF YES, indicate value(s) reported on property identified above: \$			
TERRORISM COVERAGE	X			Attach Disclosure Notice / DEC			
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		X		PRO HG 3100(1009)			
IS DOMESTIC TERRORISM EXCLUDED?		X		IF YES, LIMIT: \$1,000,000			DED: \$10,000
LIMITED FUNGUS COVERAGE			X				
FUNGUS EXCLUSION (If "YES", specify organization's form used)							
REPLACEMENT COST	X						
AGREED VALUE	X						
COINSURANCE		X		IF YES, %			
EQUIPMENT BREAKDOWN (If Applicable)	X			IF YES, LIMIT: INCL			DED: \$10,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	X			150,000,000			
- Demolition Costs	X			IF YES, LIMIT: \$10,000,000			DED: \$10,000
- Incr. Cost of Construction	X			IF YES, LIMIT: INCL ABOVE			DED: \$10,000
EARTH MOVEMENT (If Applicable)	X			IF YES, LIMIT: \$50,000,000			DED: SEE PAGE 2
FLOOD (If Applicable)	X			IF YES, LIMIT: \$50,000,000			DED: SEE PAGE 2
WIND / HAIL (If Subject to Different Provisions)	X			IF YES, LIMIT: see addl page text			DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	X						

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST		ATL-002576006-03	LENDER SERVING AGENT NAME AND ADDRESS	
X MORTGAGEE	CONTRACT OF SALE			
LENDERS LOSS PAYABLE	X Loss Payee			
NAME AND ADDRESS General Electric Capital Corporation ISAOA, ATIMA, GE Healthcare Financial Services, c/o GEMSA Loan Services, LP, 1500 City West Blvd., #200 Houston, TX 77042		AUTHORIZED REPRESENTATIVE of Marsh USA Inc. Lester E. Gadney		

ADDITIONAL INFORMATION

ATL-002576006-03

DATE (MM/DD/YYYY)
01/14/11

PRODUCER

MARSH
1000 RIDGEWAY LOOP ROAD
MEMPHIS, TN 38120

754724-Acord-

INSURED

Graco Healthcare, LLC
Attn: Malika Abercrombie
7201 Shallowford Road, Suite 200
Chattanooga, TN 37421

COMPANIES AFFORDING COVERAGE

COMPANY

E

COMPANY

F

COMPANY

G

COMPANY

H

TEXT

*The company's liability will not exceed the respective Sub-Limits of Liability shown elsewhere for the coverages involved. However, in no event will the company's total Limit of Liability exceed \$150,000,000 as a result of any one occurrence, regardless of the number of periods, coverages or locations involved.

Business Income-Included in policy limit but Sacramento, CA excluded - Extra Expense - \$10,000,000 - Company will pay the greater of the sub-limit or 15% of the reported annual BI values.

EXTENSIONS OF COVERAGE (SUB-LIMITS)-SUBLIMITS APPLY ON A PER OCCURRENCE BASIS FOR ALL COVERAGES PROVIDED UNLESS STATED OTHERWISE AND ARE PART OF, NOT IN ADDITION TO THE TOTAL LIMIT OF LIABILITY. LIST OF NOTABLE BUT LIMITED LIST OF SUB-LIMITS:

Accounts Receivable - \$500,000; Valuable Papers and Records - \$1,000,000; Library Books (not exceeding 60 per book) - \$500,000; Electronic Data processing, Data and Media - \$1,000,000; Off Premises Service Interruption - Property Damage-\$1,000,000; Contingent Business Interruption - \$500,000

DEDUCTIBLE AMOUNT:

EARTH MOVEMENT - DED. AMOUNT: \$100,000 (Per Occurrence) for each loc. for all coverages provided; EXCEPT as respects the following two locations:

Per Occurrence for each location for all coverages provided) this company will not be liable for loss or damage to insured property unless the amount of loss or damage exceeds 5% of the combined value of property at the location where loss or damage occurs, in accordance with the valuation section of this policy and annual business interruption value as defined in the Business Interruption Endorsement attached to this policy at the time such loss or damage at the location where loss occurs, subject to a minimum deductible of \$100,000 per location. If coverage is provided for more than one location, this deductible percentage or minimum deductible amount will be calculated for and applied separately to each location - as respects (New Madrid, TN and

1) Cordova Property Investment LLC 955 S. Germantown Pkwy, Cordova TN 38018 2) Adamsville Healthcare, LLC, 409 Park Ave., Adamsville, TN

EARTHMOVEMENT - (per occurrence) \$100,000 as respects all other locations

FLOOD (per occurrence for each location for all coverages provided) - \$100,000

WIND AND/OR HAIL - (per location for all coverage provided in this policy) at the following locations:

1) St Petersburg Nursing Home LLC DBA Jacaranda Manor 4260 66th Street North, Kenneth City FL 2) Sun Land-Vero Beach LLC DBA Royal Palm Convalescent 2180 10th Ave, Vero Beach FL 3) Thorpe Office Center, 870-900 21st St, Vero Beach, FL

This company will not be liable for loss to insured property unless the amount of loss or damage exceeds 5% of the combined value of property at the location where loss or damage occurs, in accordance with the valuation section of this policy and annual business interruption value at the location where loss or damage occurs, in accordance with the Business Interruption Endorsement attached to this policy at the time such loss or damage at the location where loss occurs, subject to a minimum deductible of \$100,000 per location. If coverage is provided for more than one location, this deductible percentage or minimum deductible amount will be calculated for and applied separately to each location.

The wind and/or hail deductible shown above apply only to loss or damage directly resulting from or occurring in conjunction with a storm or weather disturbance identified by name by the U.S. National Hurricane center or any other meteorological authority, such as the Tokyo Typhoon Center or the Central Pacific Hurricane Center whether or not named prior to the loss.

1) St Petersburg Nursing Home LLC DBA Jacaranda Manor 4260 66th Street North, Kenneth City FL 2) Sun Land-Vero Beach LLC DBA Royal Palm Convalescent 2180 10th Ave, Vero Beach FL 3) Thorpe Office Center, 870-900 21st St, Vero Beach, FL

OFF PREMISES SERVICE INTERRUPTION COMBINED QUALIFYING PERIOD/WAITING PERIOD: In the event of loss or damage insured by this policy no coverage is provided unless the service interruption exceeds 24 hours beginning from the time of loss or damage covered by this policy. If the service interruption exceeds 24 hours the loss will be calculated for the time of loss or damage covered by this policy subject to following deductibles:

Property Damage \$10,000 / Waiting Period 24 Hours (company's liability commences only after, and does not include, this waiting period)

EOP Equipment, Data and Media Deductible - Company's liability commences for malicious introduction of a machine code or instruction after 48 hour waiting period and does not include, the waiting period specified.

Slit-hole Included --Florida Includes Amendment Slit-hole Coverage Endorsement - Form #4739 (10/93)
Overhead Transmission Lines Excluded in Florida

CERTIFICATE HOLDER

General Electric Capital Corporation
ISACA, ATIMA, GE Healthcare Financial Services,
c/o GEMSA Loan Services, LP,
1600 City West Blvd., #200
Houston, TX 77042

AUTHORIZED REPRESENTATIVE

of Marsh USA Inc.

BY: Lanier E. Garland

Lanier E. Garland

ADDITIONAL INFORMATION

ATL-002575008-03

DATE (MM/DD/YY)
01/14/11

PRODUCER
MARSH
1000 RIDGEWAY LOOP ROAD
MEMPHIS, TN 38120

COMPANIES AFFORDING COVERAGE

COMPANY
E

COMPANY
F

754724-Acord--

INSURED
Graco Healthcare, LLC
Attn: Martha Abercrombie
7201 Shallowford Road, Suite 200
Chattanooga, TN 37421

COMPANY
G

COMPANY
H

TEXT

Fungus, Mold or Mildew - Policy form PRO HO 3100 (10/09) - The policy is extended to cover direct physical loss or damage to insured property caused by or resulting from fungus, mold or mildew, when fungus, mold or mildew is the direct result of direct physical loss or damage insured by this policy. This coverage includes any cost or expense to clean up, remove, contain, treat, detoxify or neutralize fungus, mold or mildew from insured property resulting from such loss or damage - Sublimit of \$1,000,000, subject to policy deductible of \$10,000.

ALL OTHER LOSSES - \$10,000

Named Insured's and Covered Locations

Crown Master Landlord, LLC; FCISafesad Senior Care Properties - Graco, LLC
Crown Walden Road, LLC; Cedar Linn Investments dba Graco Healthcare of Abingdon, - 800 Walden Rd., Abingdon, VA 24210 (Bldg. - \$5,150,000/Contents - \$750,000/Business Income - \$2,587,000)
Crown Academy Road, LLC; Frederick Villa Investments & Associates, LLC dba Frederick Villa Nursing Center - 711 Academy Rd., Calonsville, MO 21228 - (Bldg. - \$7,000,000/Contents - \$687,500/Business Income - \$2,996,000)
Crown Braddock Road, LLC; LeeWood Investments and Associaioa, LLC dba LeeWood Healthcare Center - 7120 Braddock Rd., Annandale, VA 22003 - (Bldg. - \$7,643,040/Contents - \$728,000/Business Income - \$2,978,000)
Crown Tenth Avenue, LLC; Sunland Vero Beach, LLC dba Royal Palm Healthcare & Rehabilitation Center - 2180 10 Ave, Vero Beach, FL 32960 - (Bldg. \$4,000,000/Contents - \$398,000/Business Income - 8,839,000)
Crown Sixty-Sixth Street, LLC; St Petersburg Nursing Home, LLC dba Jacaranda Manor - 4250 66th St N, St Petersburg, FL 33709 - (Bldg - \$9,778,900/Contents - \$2,000,000/Business Income - \$5,630,000)
Crown Waite Street, LLC; Riveridge Investments & Associates, LLC dba Riveridge Manor - 1333 Waite St, Niles, MI 49120 - (Bldg. - \$5,000,000/Contents - \$517,000/Business Income - \$2,369,000)
Crown Pace Street, LLC; Raintree Investment & Associates, LLC, dba Raintree Manor - 415 Pace St, McMinnville, TN 37110 - (Bldg. \$6,000,000/Contents - \$770,000/Business Income - \$2,399,000)
Crown Wilbur Road, LLC; RiverView Investments & Associates, LLC dba RiverView Manor - 65378 Wilbur Rd., Three Rivers, MI 49093 - (Bldg. - \$4,393,680/Contents - \$478,500/Business Income - \$2,623,000)
Crown Sequoyah Road, LLC; Soddy Daisy Healthcare, LLC dba Soddy Daisy Healthcare Center - 701 Sequoyah Rd., Soddy Daisy, TN 37379 (Bldg. - \$9,300,000/Contents - \$860,000/Business Income - \$3,510,000)

CERTIFICATE HOLDER

General Electric Capital Corporation
ISAOA, ATIMA, GE Healthcare Financial Services,
c/o GEMSA Loan Services, LP,
1500 City West Blvd., #200
Houston, TX 77042

AUTHORIZED REPRESENTATIVE

of Marsh USA Inc.
By: Lanier E. Garland

Lanier E. Garland

EXCESS
INSURANCE CERTIFICATE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/7/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER TIS Insurance Services, Inc. 1900 Winston Road, Suite 100 P.O. Box 10328 Knoxville TN 37939-0328		CONTACT NAME: Kim Lambert PHONE (AG No. Ex): (865) 691-4847 FAX (AG No.): (865) 694-4847 E-MAIL: klambert@tisins.com ADDRESS: PRODUCER ID#: 00036031	
INSURED Grace Healthcare, LLC 7201 Shallowford Road Suite 200 Chattanooga TN 37421		INSURER(S) AFFORDING COVERAGE INSURER A: Torus Specialty Insurance Co. INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES: CERTIFICATE NUMBER: 1/1/11-12 Excess Liab. REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSTR	TYPE OF INSURANCE	ADDITIONAL INSURER	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. <input type="checkbox"/> LOC.					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPROP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE DEDUCTIBLE A <input checked="" type="checkbox"/> RETENTION \$ 2M/4M GL/PL		51730A100AHL	1/1/2011	1/1/2012	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N N/A					IND. STATUTORY LIMITS OTH. ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
General Electric Capital Corporation as shown below is Additional Insured regarding the specified excess liability coverages. See attached listing of additional named insureds. See attached listing of additional insureds. 30-Day Notice of Cancellation applies. No deductible applies except \$10,000 retained limit if underlying insurance does not apply to a claim or if underlying insurance aggregate has been exhausted.

CERTIFICATE HOLDER General Electric Capital Corporation ISAOA ATIMA; GE Healthcare Financial Services; c/o GEMSA Loan Services, LP 1500 City West Boulevard Suite 200 Houston, TX 77042	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Taylor Preston/KIMLAM
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ACORD 25 (2009/09)
INS025 (200909)

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COMMENTS/REMARKS

Additional Insureds:

Crown Master Landlord, LLC

FC/Safanad Senior Care Properties-Grace, LLC

Crown Wells Street, LLC
Riveridge Investments & Associates, LLC
DBA Riveridge Manor
1333 Wells Street
Niles, MI 49120

Crown Wilbur Road, LLC
Riverview Investments & Associates, LLC
DBA Riverview Manor
55378 Wilbur Road
Three Rivers, MI 49093

Crown Pace Street, LLC
Raintree Investments & Associates, LLC
DBA Raintree Manor
415 Pace Street
McMinnville, TN 37110

Crown Walden Road, LLC
Cedar Lawn Investments, LLC
DBA Grace Healthcare of Abingdon
600 Walden Road
Abingdon, VA 24210

Crown Sequoyah Road, LLC
Soddy Daisy Healthcare, LLC
DBA Soddy Daisy Healthcare Center
701 Sequoyah Road
Soddy Daisy, TN 37379

Crown Sixty-Sixth Street, LLC
St. Petersburg Nursing Home, LLC
DBA Jacaranda Manor
4250 66th Street
St. Petersburg, FL 33709

Crown Braddock Road, LLC
Leewood Investments & Associates, LLC
DBA Leewood Healthcare Center
7120 Braddock Road
Annandale, VA 22003

Crown Tenth Avenue, LLC
Sunland-Vero Beach, LLC
DBA Royal Palm Convalescent Center
2180 10th Avenue
Vero Beach, FL 32960

Crown Academy Road, LLC
Frederick Villa Investments & Associates, LLC
DBA Frederick Villa Nursing & Rehab Center
711 Academy Road
Catonsville, MD 21228

OFREMARK

COPYRIGHT 2000, AMS SERVICES INC.

Additional Named Insureds

Other Named Insureds

Cedar Lawn Investments, LLC

DBA Grace Healthcare of Abingdon

Frederick Villa Investments & Associates, LLC

DBA Frederick Villa Nursing & Rehab Center

St. Petersburg Nursing Home, LLC

DBA Jacaranda Manor

Leewood Investments & Associates, LLC

DBA Leewood Healthcare Center

Raintree Investments & Associates, LLC

DBA Raintree Manor

Riverview Investments & Associates, LLC

DBA Riverview Manor

Soddy Daisy Healthcare, LLC

DBA Soddy Daisy Healthcare Center

Sunland-Vero Beach, LLC

DBA Royal Palm Convalescent Center

Riveridge Investments & Associates, LLC

DBA Riveridge Manor

**AUTO
INSURANCE CERTIFICATE**

ACORD CERTIFICATE OF LIABILITY INSURANCE				DATE (MM/DD/YYYY) 1/7/2011	
PRODUCER (865) 691-4847 FAX: (865) 694-4847 TIS Insurance Services, Inc. 1900 Winston Road, Suite 100 P.O. Box 10328 Knoxville TN 37939-0328			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.		
INSURED Grace Healthcare, LLC 7201 Shallowford Road Suite 200 Chattanooga TN 37421			INSURERS AFFORDING COVERAGE INSURER A: American Automobile Ins INSURER B: INSURER C: INSURER D: INSURER E:		NAIC # 21849
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
INSR ADD'L LTR IN BRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PER OCC <input type="checkbox"/> LOG				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Per occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADJ INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPOR AGG \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	MXA80282050	12/1/2010	12/1/2011	COMBINED SINGLE LIMIT (Per accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: - AGG \$
A	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$	XSM24064164	12/1/2010	12/1/2011	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$ \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS \$ EL EACH ACCIDENT \$ EL DISEASE - EA EMPLOYEE \$ EL DISEASE - POLICY LIMIT \$
A	OTHER Automobile Physical Damage	MXA80282050	12/1/2010	12/1/2011	Comprehensive Ded. \$500 Collision Ded. \$1,000 Actual Cash Value
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS See attached listing of additional named insureds. See attached listing of additional certificate holders.					

CERTIFICATE HOLDER

General Electric Capital Corporation
 ISAOA ATIMA; GE Healthcare Financial Services; c/o GEMSA Loan Services, LP
 1500 City West Boulevard
 Suite 200
 Houston, TX 77042

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE

INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Taylor Preston/KINLAN

ACORD 25 (2001/08)

INS025 (0106) 03a

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Page 1 of 2

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

COMMENTS/REMARKS

Additional Certificate Holders:

Crown Master Landlord, LLC
FC/Safanad Senior Care Properties-Grace, LLC
Crown Wells Street, LLC
Crown Wilbur Road, LLC
Crown Pace Street, LLC
Crown Walden Road, LLC
Crown Sequoyah Road, LLC
Crown Sixty-Sixth Street, LLC
Crown Braddock Road, LLC
Crown Tenth Avenue, LLC
Crown Academy Road, LLC

OFREMARK

COPYRIGHT 2000, AMS SERVICES INC.

Additional Named Insureds

Other Named Insureds

Leewood Investments & Associates, LLC

DBA Leewood Healthcare Center

Preferred Health Services of Tennessee, Inc.

DBA Oneida Nursing & Rehab Center

Paonia Investments & Associates, LLC

DBA Paonia Care & Rehab Center

Phoenix Healthcare, LLC

DBA Grace Healthcare of Phoenix

Raintree Investments & Associates, LLC

DBA Raintree Manor

Riveridge Investments & Associates, LLC

DBA Riveridge Manor

Riverview Investments & Associates, LLC

DBA Riverview Manor

Rocky Ford Healthcare, LLC

DBA Pioneer Healthcare Center

Soddy Daisy Healthcare, LLC

DBA Soddy Daisy Health Care Center

Tucker Investments & Associates, LLC

DBA Grace Healthcare of Tucker

Sunland-Vero Beach, LLC

DBA Royal Palm Healthcare & Rehabilitation Center

Whites Creek Healthcare, LLC

DBA Grace Healthcare of Whites Creek

Additional Named Insureds

Other Named Insureds

Cedar Lawn Investments, LLC

DBA Grace Healthcare of Abingdon

Adamsville Healthcare, LLC

DBA Tri County Healthcare Center

Asheville Healthcare, LLC

DBA Grace Healthcare of Asheville

Bella Vista Healthcare, LLC

DBA Concordia Retirement Center

Integrity Healthcare of Clarksville, LLC

DBA Grace Healthcare of Clarksville

Cordova Healthcare, LLC

DBA Grace Healthcare of Cordova

Douglas Investments & Associates, LLC

DBA Grace Healthcare of Douglas (Fka: Harbors)

Durham Healthcare, LLC

DBA Grace Healthcare of Durham

Franklin Healthcare, LLC

DBA Grace Healthcare of Franklin

Frederick Villa Investments & Associates, LLC

DBA Frederick Villa Nursing & Rehab Center

Glenwood Investments & Associates, LLC

DBA Grace Healthcare of Glenwood Springs

St. Petersburg Nursing Home, LLC

DBA Jacaranda Manor

Additional Named Insureds

Other Named Insureds

Winston Salem Healthcare, LLC

DBA Grace Healthcare of Winston Salem

Grace Ancillary Services, LLC

Knollwood Psychiatric & Chemical Dependency Center

DBA Riverside Center for Behavioral Medicine

Integrity Healthcare of Colins, LLC

DBA Clay County Manor

Integrity Healthcare of Jonesborough, LLC

DBA Four Oaks Health Care Center

**WORKERS COMPENSATION
INSURANCE CERTIFICATE**

ACORD CERTIFICATE OF LIABILITY INSURANCE						DATE (MM/DD/YYYY) 1/7/2011
PRODUCER (865) 691-4847 FAX: (865) 694-4847 TIS Insurance Services, Inc. 1900 Winston Road, Suite 100 P.O. Box 10328 Knoxville TN 37939-0328			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
INSURED Grace Healthcare, LLC 7201 Shallowford Road Suite 200 Chattanooga TN 37421			INSURERS AFFORDING COVERAGE INSURER A: The Hartford Ins. Cos. INSURER B: INSURER C: INSURER D: INSURER E:		NAIC #	
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR	ADOL	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
		AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Per accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	20WB010014	12/1/2010	12/1/2011	<input checked="" type="checkbox"/> NO STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS See attached listing of additional named insureds. See attached listing of additional certificate holders.						

CERTIFICATE HOLDER

General Electric Capital Corporation
 ISAOA ATIMA; GE Healthcare Financial
 Services; c/o GEMSA Loan Services, LP
 1500 City West Boulevard
 Suite 200
 Houston, TX 77042

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Taylor Preston/KINLAM

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ACORD 25 (2001/08)

INS025 (0108) 08a

Page 1 of 2

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder; nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

COMMENTS/REMARKS

Additional Certificate Holders:

Crown Master Landlord, LLC
FC/Safanad Senior Care Properties-Grace, LLC
Crown Wells Street, LLC
Crown Wilbur Road, LLC
Crown Pace Street, LLC
Crown Walden Road, LLC
Crown Sequoyah Road, LLC
Crown Sixty-Sixth Street, LLC
Crown Braddock Road, LLC
Crown Tenth Avenue, LLC
Crown Academy Road, LLC

OFREMARK

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Additional Named Insureds

Other Named Insureds

Cedar Lawn Investments, LLC

DBA Grace Healthcare of Abingdon

Adamsville Healthcare, LLC

DBA Tri County Healthcare Center

Asheville Healthcare, LLC

DBA Grace Healthcare of Asheville

Bella Vista Healthcare, LLC

DBA Concordia Retirement Center

Cordova Healthcare, LLC

DBA Grace Healthcare of Cordova

Douglas Investments & Associates, LLC

DBA Grace Healthcare of Douglas (fka Harbors)

Durham Healthcare, LLC

DBA Grace Healthcare of Durham

Franklin Healthcare, LLC

DBA Grace Healthcare of Franklin

Frederick Villa Investments & Associates, LLC

DBA Frederick Villa Nursing & Rehab Center

Glenwood Investments & Associates, LLC

DBA Grace Healthcare of Glenwood Springs

St. Petersburg Nursing Home, LLC

DBA Jacaranda Manor

Leewood Investments & Associates, LLC

DBA Leewood Healthcare Center

Additional Named Insureds

Other Named Insureds

Tucker Investments & Associates, LLC

DBA Grace Healthcare of Tucker

Knollwood Psychiatric & Chemical Dependency Center

DBA Riverside Center for Behavioral Medicine

Additional Named Insureds

Other Named Insureds

Preferred Health Services of Tennessee, Inc.

DBA Oneida Nursing & Rehab Center

Paonia Investments & Associates, LLC

DBA Paonia Care & Rehab Center

Phoenix Healthcare, LLC

DBA Grace Healthcare of Phoenix

Raintree Investments & Associates, LLC

DBA Raintree Manor

Riveridge Investments & Associates, LLC

DBA Riveridge Manor

Riverview Investments & Associates, LLC

DBA Riverview Manor

Rocky Ford Healthcare, LLC

DBA Pioneer Healthcare Center

Soddy Daisy Healthcare, LLC

DBA Soddy Daisy Healthcare Center

Sunland-Vero Beach, LLC

DBA Royal Palm Healthcare & Rehabilitation Center

Whites Creek Healthcare, LLC

DBA Grace Healthcare of Whites Creek

Winston Salem Healthcare, LLC

DBA Grace Healthcare of Winston Salem

Grace Ancillary Services, LLC

GENERAL LIABILITY/PROFESSIONAL LIABILITY
CAPTIVE
INSURANCE CERTIFICATES
AND
ENDORSEMENTS



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/01/2011

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IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	Contact Name: Jackle Plink Phone: 843-853-0446 Email Address: Jackle.Plink@lionheartinsurancegroup.com
INSURED	INSURERS AFFORDING COVERAGE INSURER A: Sunland Risk Retention Group INSURER B: INSURER C: INSURER D: INSURER E:
NAIC #	

Lionheart Insurance Agency, LLC
177 Meeting Street, Suite 470
Charleston SC 29401


Jacaranda Manor
4250 66th Street North
St. Petersburg, FL 33709

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR ANY OTHER POLICY, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS, WHICH MAY HAVE BEEN REDUCED BY PAID CLAIMS.

RISK	ADDITIONAL	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<input checked="" type="checkbox"/>	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC Retro Date: 01/01/02	SRG2011-11	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 100,000.00 DAMAGE TO RENTED PREMISES (EA occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ 250,000.00 PRODUCTS - COMPROP AGG \$
	<input type="checkbox"/>	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Each Occurrence) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/>	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA LIM <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIM <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	<input type="checkbox"/>	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$
A	<input checked="" type="checkbox"/>	OTHER HOSPITAL PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE Hospital Professional Liability Aggregate per Location	SRG2011-11	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 100,000.00 FACILITY AGGREGATE \$ 500,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
This policy is not subject to a Deductible. All rights of Subrogation against the Certificate Holder/Additional Insured/Mortgagee/Lender named in this certificate have been waived.
Terrorism coverage is not provided under this policy.
General Liability and Professional Liability Limits are limited by a shared Aggregate of \$750,000.00.
This policy and other issued by Sunland Risk Retention Group; it is subject to an Insurer Aggregate of \$4,000,000.00.
Covered Location: Jacaranda Manor, 4250 66th Street North, St. Petersburg, FL 33709

CERTIFICATE HOLDER / ADDITIONAL INSURED / MORTGAGEE / LENDER	CANCELLATION
FC / Safenad Senior Care Properties-Graca, LLC Crown Sixty-Sixth Street, LLC Crown Master Landlord, LLC General Electric Capital Corporation ISAOA, ATIMA GE Healthcare Financial Services c/o GEMSA Loan Services, LP 1500 City West Blvd., Suite 200 Houston, TX 77042 ACORD 25 (2010/05)	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS AUTHORIZED REPRESENTATIVE 

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/01/2011

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IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

Lionheart Insurance Agency, LLC
177 Meeting Street, Suite 470
Charleston SC 29401

Contact Name: Jackie Fink
Phone: 843-853-0446
Email: Jackie.Fink@lionheartinsurancegroup.com
Address:

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: Sunland Risk Retention Group

INSURER B:

INSURER C:

INSURER D:

INSURER E:

INSURED

Royal Palm Convalescent Center
2180 10th Avenue
Vero Beach, FL 32960

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. TO WHOM TRANSFER ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN TO THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

DISC. LTR.	ADDITIONAL INSURED	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/>	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC Relro Date: 01/01/02	SRG2011-12	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 100,000.00 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADY INJURY \$ GENERAL AGGREGATE \$ 250,000.00 PRODUCTS - COMP/OP AGG \$
	<input type="checkbox"/>	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Each Occurrence) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/>	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	<input type="checkbox"/>	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS BELOW				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$
A	<input checked="" type="checkbox"/>	OTHER HOSPITAL PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE Hospital Professional Liability Aggregate per Location	SRG2011-12	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 100,000.00 FACILITY AGGREGATE \$ 300,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
This policy is not subject to a Deductible. All rights of Subrogation against the Certificate Holder/Additional Insured/Mortgagee/Lender named in this certificate have been waived.
Terrorism coverage is not provided under this policy.
General Liability and Professional Liability Limits are limited by a shared Aggregate of \$550,000.00.
This policy and other issued by Sunland Risk Retention Group is subject to an Insured Aggregate of \$3,000,000.00.
Covered Location: Royal Palm Convalescent Center, 2180 10th Avenue, Vero Beach, FL 32960

CERTIFICATE HOLDER / ADDITIONAL INSURED / MORTGAGEE / LENDER

FC / Safanad Senior Care Properties-Grace, LLC

Crown Tenth Avenue, LLC
Crown Master Landlord, LLC
General Electric Capital Corporation ISAOA, ATIMA
GE Healthcare Financial Services
c/o GEMSA Loan Services, LP
1500 City West Blvd., Suite 200
Houston, TX 77042
ACORD 25 (2010/05)

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS

AUTHORIZED REPRESENTATIVE

Rebecca Morrow

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/01/2011

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PRODUCER

Lionheart Insurance Agency, LLC
177 Meeting Street, Suite 470
Charleston SC 29401

Contact Name: Jackie Pink
Phone: 843-853-0446
Email Address: Jackie.Pink@lionheartinsurancegroup.com

INSURED

Frederick Villa Investments & Associates, LLC
711 Academy Road
Catonsville, MD 21228

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Sunland Risk Retention Group	
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO THIS CERTIFICATE, THIS CERTIFICATE MAY BE ISSUED ON ANY BASIS. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PRIOR CLAIMS.

INSR LTR	ADDITIONAL	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/>	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC Retro Date: 01/01/02	SRG2011-16	01/01/2011	01/01/2012	EACH OCCURRENCE \$1,000,000.00 DAMAGE TO RENTED PREMISES (Per occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$3,000,000.00 PRODUCTS - COMP/OP AGG \$
	<input type="checkbox"/>	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/>				COMBINED SINGLE LIMIT (Each Occurrence) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/>	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	<input type="checkbox"/>	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/OWNER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$
A	<input checked="" type="checkbox"/>	OTHER HOSPITAL PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE Hospital Professional Liability Aggregate per Location	SRG2011-16	01/01/2011	01/01/2012	EACH OCCURRENCE \$200,000.00 FACILITY AGGREGATE \$500,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

This policy is not subject to a Deductible. All rights of Subrogation against the Certificate Holder/Additional Insured/Mortgagee/Lender named in this certificate have been waived.

Terrorism coverage is not provided under this policy.

General Liability and Professional Liability Limits are limited by a shared Aggregate of \$3,000,000.00.

This policy and other issued by Sunland Risk Retention Group is subject to an Insurer Aggregate of \$3,000,000.00.

Covered Location: Frederick Villa Investments & Associates, LLC, 711 Academy Road, Catonsville, MD 21228

CERTIFICATE HOLDER / ADDITIONAL INSURED / MORTGAGEE / LENDER

FC / Sunland Senior Care Properties-Grace, LLC

Crown Academy Road, LLC
Crown Master Landlord, LLC
General Electric Capital Corporation ISAOA, ATIMA
GE Healthcare Financial Services
c/o GEMSA Loan Services, LP
1600 City West Blvd., Suite 200
Houston, TX 77042

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS

AUTHORIZED REPRESENTATIVE

Rebecca Morrow

IMPORTANT

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/01/2011

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IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

Lionheart Insurance Agency, LLC
177 Meeting Street, Suite 470
Charleston SC 29401

Contact Name: Jackle Pink
Phone: 843-853-0446
Email Address: Jackle.Pink@lionheartinsurancegroup.com

INSURED

Raintree Investments & Associates, LLC
415 Pace Street
McMinnville, TN 37110

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Sunland Risk Retention Group	
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. THIS CERTIFICATE IS NOT A CONTRACT. IT IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS OF COVERAGE MAY VARY. LIMITS SHOWN MAY HAVE BEEN PRODUCED BY PAID CLAIMS.

RSK LITE	ADDITIONAL INSURER	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	<input checked="" type="checkbox"/>	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC Retro Date: 01/01/02	SRG2011-32	01/01/2011	01/01/2012	EACH OCCURRENCE	\$ 100,000.00
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
						MED EXP (Any one person)	\$
						PERSONAL & ADV INJURY	\$
						GENERAL AGGREGATE	\$250,000.00
						PRODUCTS - COMPROP AGG	\$
	<input type="checkbox"/>	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Each Occurrence)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/>	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
	<input type="checkbox"/>	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
A	<input checked="" type="checkbox"/>	OTHER HOSPITAL PROFESSIONAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE Hospital Professional Liability Aggregate per Location	SRG2011-32	01/01/2011	01/01/2012	EACH OCCURRENCE	\$ 200,000.00
						FACILITY AGGREGATE	\$500,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
This policy is not subject to a deductible. All rights of subrogation against the Certificate Holder/Additional Insured/Mortgagee/Lender named in this certificate have been waived.

Territorial coverage is not provided under this policy.
General Liability and Professional Liability Limits are limited by a shared Aggregate of \$750,000.00.
This policy and other issued by Sunland Risk Retention Group is subject to an Insurer Aggregate of \$3,000,000.00.
Covered Location: Raintree Investments & Associates, LLC, 415 Pace Street, McMinnville, TN 37110

CERTIFICATE HOLDER / ADDITIONAL INSURED / MORTGAGEE / LENDER

FC / Safenud Senior Care Properties-Grace, LLC

Crown Pace Street, LLC
Crown Master Landlord, LLC
General Electric Capital Corporation ISAOA, ATIMA
GE Healthcare Financial Services
c/o GEMSA Loan Services, LP
1600 City West Blvd., Suite 200
Houston, TX 77042

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS

AUTHORIZED REPRESENTATIVE

Rebecca Morrow

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the Issuing Insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/01/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

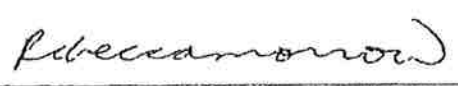
PRODUCER Monicart Insurance Agency, LLC 177 Meeting Street, Suite 470 Charleston SC 29401	Contact Name Jackie Fink Phone 843-853-0446 Email Jackie.Fink@monicartinsurancegroup.com Address INSURERS AFFORDING COVERAGE INSURER A: Sunland Risk Retention Group INSURER B: INSURER C: INSURER D: INSURER E:	NAIC #
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COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, AND WITH NO OTHER REQUIREMENTS, TERM OR CONDITIONS OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

RISK LTR	ADDITIONAL INSURED	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<input checked="" type="checkbox"/>	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC Retro Date: 01/01/02	SIRG2011-33	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 100,000.00 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$250,000.00 PRODUCTS - COMP/OP AGG \$
	<input type="checkbox"/>	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Each Occurrence) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/>	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	<input type="checkbox"/>	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$
A	<input checked="" type="checkbox"/>	OTHER HOSPITAL PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE Hospital Professional Liability Aggregate per Location	SIRG2011-33	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 250,000.00 FACILITY AGGREGATE \$ 500,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
This policy is not subject to a Deductible. All rights of Subrogation against the Certificate Holder/Additional Insured/Mortgagee/Lender named in this certificate have been waived.
Terrorism coverage is not provided under this policy.
General Liability and Professional Liability Limits are limited by a shared Aggregate of \$750,000.00.
This policy and other issued by Sunland Risk Retention Group is subject to an Insurer Aggregate of \$3,000,000.00.
Covered Location: Soddy Daisy Healthcare, LLC, 701 Sequoyah Road, Soddy Daisy, TN 37379

CERTIFICATE HOLDER / ADDITIONAL INSURED / MORTGAGEE / LENDER FC / Safeland Senior Care Properties-Grace, LLC Crown Sequoyah Road, LLC Crown Master Landlord, LLC General Electric Capital Corporation ISAOA, ATIMA GE Healthcare Financial Services c/o GEMSA Loan Services, LP 1500 City West Blvd., Suite 200 Houston, TX 77042	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS AUTHORIZED REPRESENTATIVE 
---	--

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/01/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	Contact Name Phone Email Address	Jackie Pink 843-853-0446 Jackie.Pink@lionheartinsurancegroup.com INSURERS AFFORDING COVERAGE NAIC #
INSURED	INSURER A: INSURER B: INSURER C: INSURER D: INSURER E:	Sunland Risk Retention Group

Lionheart Insurance Agency, LLC
177 Meeting Street, Suite 470
Charleston SC 29401

Leewood Investments & Associates, LLC
7120 Braddock Road
Annandale, VI 22003

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE POLICYHOLDERS ABOVE FOR THE POLICY PERIODS INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS WHICH MAY HAVE BEEN REDUCED BY PAID CLAIMS.

VISA LTR	ADDITIONAL CODE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/>	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC Retro Date: 01/01/02	SRG2011-35	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 1,000,000.00 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ 2,000,000.00 PRODUCTS - COMPROP AGG \$
	<input type="checkbox"/>	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Each Occurrence) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/>	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	<input type="checkbox"/>	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$
A	<input checked="" type="checkbox"/>	OTHER HOSPITAL PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE Hospital Professional Liability Aggregate per Location	SRG2011-35	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 250,000.00 FACILITY AGGREGATE \$ 500,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
This policy is not subject to a Deductible. All rights of Subrogation against the Certificate Holder/Additional Insured/Endorsee are waived in this certificate have been waived.
Territorial coverage is not provided under this policy.
General Liability and Professional Liability Limits are limited by a shared Aggregate of \$2,000,000.00.
This policy and other issued by Sunland Risk Retention Group is subject to an Insurer Aggregate of \$3,000,000.00.
Covered Location: Leewood Investments & Associates, LLC, 7120 Braddock Road, Annandale, VI 22003

CERTIFICATE HOLDER / ADDITIONAL INSURED / MORTGAGEE / LENDER

FC / Safenad Senior Care Properties-Grace, LLC
Crown Braddock Road, LLC
Crown Master Landlord, LLC
General Electric Capital Corporation ISAOA, ATIMA
GE Healthcare Financial Services
c/o GEMSA Loan Services, LP
1600 City West Blvd., Suite 200
Houston, TX 77042
ACORD 25 (2010/05)

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS

AUTHORIZED REPRESENTATIVE

Rebecca

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/01/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	Contact Name Jackie Fink	
Heart Insurance Agency, LLC 177 Meeting Street, Suite 470 Charleston SC 29401	Phone 843-853-0446	
	Email Address Jackie.Fink@heartinsurancegroup.com	
INSURED	INSURERS AFFORDING COVERAGE	NAIC #
Cedar Lawn Investments, LLC 600 Walden Road Ablington, VI 24210	INSURER A: Sunland Risk Retention Group	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

INSURER	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC Retro Date: 01/01/02	SRG2011-36	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 600,000.00 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$1,000,000.00 PRODUCTS - COMP/OP AGG \$
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Each Occurrence) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> UMBRELLA LMB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LMB <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	<input type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/EMPLOYEE EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$
A	<input checked="" type="checkbox"/> OTHER HOSPITAL PROFESSIONAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> LIMITS INCLUDING DEFENSE Hospital Professional Liability Aggregate per Location	SRG2011-36	01/01/2011	01/01/2012	EACH OCCURRENCE \$ 600,000.00 FACILITY AGGREGATE \$1,000,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
This policy is not subject to a deductible. All rights of Subrogation against the Certificate Holder/Additional Insured/Lender/Agent/Endorser named in this certificate have been waived.
Terrorism coverage is not provided under this policy.
General Liability and Professional Liability Limits are limited by a shared Aggregate of \$1,000,000.00.
This policy and cover issued by Sunland Risk Retention Group is subject to an Insurer Aggregate of \$3,000,000.00.
Covered Location: Cedar Lawn Investments, LLC, 600 Walden Road, Ablington, VI 24210.

CERTIFICATE HOLDER / ADDITIONAL INSURED / MORTGAGEE / LENDER	CANCELLATION
FC / Safenad Senior Care Properties-Graco, LLC Crown Walden Road, LLC Crown Master Landlord, LLC General Electric Capital Corporation ISAOA, ATIMA GE Healthcare Financial Services c/o GEMSA Loan Services, LP 1800 City West Blvd., Suite 200 Houston, TX 77042	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS AUTHORIZED REPRESENTATIVE <i>Rebecca Morrison</i>

ACORD 25 (2010/05)

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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the Issuing Insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

**ENDORSEMENT NO. 5
THIRD PARTY ADDITIONAL NAMED INSURED ENDORSEMENT**

This Endorsement, Issued on January 1st, 2011, forms part of

Policy No.	SRG2011-32
Issued to	Raintree Investments & Associates, LLC dba Raintree Manor
Issued by	Sunland Risk Retention Group

It is hereby noted and agreed by Underwriters that with effect from January 1st, 2011, that in consideration of the annual premium charged the following company is hereby added as an Additional Named Insured:

Crown Master Landlord, LLC and FC / Safanad Senior Care Properties-Grace, LLC
1035 Powers Place
Alpharetta, GA 30009

It is further noted and agreed that this endorsement confirms coverage for the Additional Named Insured only in respect of the activities of the insured noted in ITEM 1 of the Declaration of this Policy. This endorsement shall in no way confirm nor infer coverage for the Additional Named Insured in respect of their own or any other activities.

It is further noted and agreed by Underwriters that all rights of subrogation are waived against the Additional Named Insured stated in this endorsement.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Rebecca Monro

Authorized Representative

**ENDORSEMENT NO. 7
THIRD PARTY ADDITIONAL NAMED INSURED ENDORSEMENT**

This Endorsement, Issued on January 1st, 2011, forms part of

Policy No.	SRG2011-36
Issued to	Cedar Lawn Investments dba Abingdon Investments & Associates LLC
Issued by	Sunland Risk Retention Group

It is hereby noted and agreed by Underwriters that with effect from January 1st, 2011, that in consideration of the annual premium charged the following company is hereby added as an Additional Named Insured:

Crown Master Landlord, LLC and FC / Safanad Senior Care Properties-Grace, LLC
1035 Powers Place
Alpharetta, GA 30009

It is further noted and agreed that this endorsement confirms coverage for the Additional Named Insured only in respect of the activities of the Insured noted in ITEM 1 of the Declaration of this Policy. This endorsement shall in no way confirm nor infer coverage for the Additional Named Insured in respect of their own or any other activities.

It is further noted and agreed by Underwriters that all rights of subrogation are waived against the Additional Named Insured stated in this endorsement.

All other terms, conditions and limitations of this Policy shall remain unchanged.



Authorized Representative

**ENDORSEMENT NO. 7
THIRD PARTY ADDITIONAL NAMED INSURED ENDORSEMENT**

This Endorsement, Issued on January 1st, 2011, forms part of

Policy No.	SRG2011-11
Issued to	Jacaranda Manor
Issued by	Sunland Risk Retention Group

It is hereby noted and agreed by Underwriters that with effect from January 1st, 2011, that in consideration of the annual premium charged the following company is hereby added as an Additional Named Insured:

Crown Master Landlord, LLC and FC / Safanad Senior Care Properties-Grace, LLC
1035 Powers Place
Alpharetta, GA 30009

It is further noted and agreed that this endorsement confirms coverage for the Additional Named Insured only in respect of the activities of the Insured noted in ITEM 1 of the Declaration of this Policy. This endorsement shall in no way confirm nor infer coverage for the Additional Named Insured in respect of their own or any other activities.

It is further noted and agreed by Underwriters that all rights of subrogation are waived against the Additional Named Insured stated in this endorsement.

All other terms, conditions and limitations of this Policy shall remain unchanged.



Authorized Representative

**ENDORSEMENT NO. 9
THIRD PARTY ADDITIONAL NAMED INSURED ENDORSEMENT**

This Endorsement, Issued on January 1st, 2011, forms part of

Policy No.	SRG2011-33
Issued to	Soddy Daisy Healthcare, LLC Soddy Daisy Health Care Center
Issued by	Sunland Risk Retention Group

It is hereby noted and agreed by Underwriters that with effect from January 1st, 2011, that in consideration of the annual premium charged the following company is hereby added as an Additional Named Insured:

Crown Master Landlord, LLC and FC / Safanad Senior Care Properties-Grace, LLC
1035 Powers Place
Alpharetta, GA 30009

It is further noted and agreed that this endorsement confirms coverage for the Additional Named Insured only in respect of the activities of the Insured noted in ITEM 1 of the Declaration of this Policy. This endorsement shall in no way confirm nor infer coverage for the Additional Named Insured in respect of their own or any other activities.

It is further noted and agreed by Underwriters that all rights of subrogation are waived against the Additional Named Insured stated in this endorsement.

All other terms, conditions and limitations of this Policy shall remain unchanged.



Authorized Representative

**ENDORSEMENT NO. 10
THIRD PARTY ADDITIONAL NAMED INSURED ENDORSEMENT**

This Endorsement, Issued on January 1st, 2011, forms part of

Policy No.	SRG2011-16
Issued to	Frederick Villa Investments & Associates, LLC dba Frederick Villa Nursing Center
Issued by	Sunland Risk Retention Group

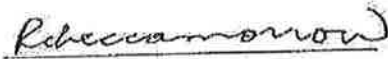
It is hereby noted and agreed by Underwriters that with effect from January 1st, 2011, that in consideration of the annual premium charged the following company is hereby added as an Additional Named Insured:

Crown Master Landlord, LLC and FC / Safanad Senior Care Properties-Grace, LLC
1035 Powers Place
Alpharetta, GA 30009

It is further noted and agreed that this endorsement confirms coverage for the Additional Named Insured only in respect of the activities of the Insured noted in ITEM 1 of the Declaration of this Policy. This endorsement shall in no way confirm nor infer coverage for the Additional Named Insured in respect of their own or any other activities.

It is further noted and agreed by Underwriters that all rights of subrogation are waived against the Additional Named Insured stated in this endorsement.

All other terms, conditions and limitations of this Policy shall remain unchanged.



Authorized Representative

**ENDORSEMENT NO. 10
THIRD PARTY ADDITIONAL NAMED INSURED ENDORSEMENT**

This Endorsement, Issued on January 1st, 2011, forms part of

Policy No.	SRG2011-35
Issued to	Leewood Investments & Associates, LLC dba Leewood Healthcare Center
Issued by	Sunland Risk Retention Group

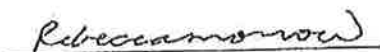
It is hereby noted and agreed by Underwriters that with effect from January 1st, 2011, that in consideration of the annual premium charged the following company is hereby added as an Additional Named Insured:

Crown Master Landlord, LLC and FC / Safanad Senior Care Properties-Grace, LLC
1035 Powers Place
Alpharetta, GA 30009

It is further noted and agreed that this endorsement confirms coverage for the Additional Named Insured only in respect of the activities of the Insured noted in ITEM 1 of the Declaration of this Policy. This endorsement shall in no way confirm nor infer coverage for the Additional Named Insured in respect of their own or any other activities.

It is further noted and agreed by Underwriters that all rights of subrogation are waived against the Additional Named Insured stated in this endorsement.

All other terms, conditions and limitations of this Policy shall remain unchanged.



Authorized Representative

**ENDORSEMENT NO. 13
THIRD PARTY ADDITIONAL NAMED INSURED ENDORSEMENT**

This Endorsement, Issued on January 1st, 2011, forms part of

Policy No.	SRG2011-12
Issued to	Sunland-Vero Beach, LLC
Issued by	Sunland Risk Retention Group

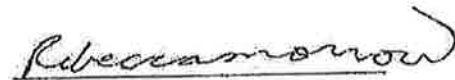
It is hereby noted and agreed by Underwriters that with effect from January 1st, 2011, that in consideration of the annual premium charged the following company is hereby added as an Additional Named Insured:

Crown Master Landlord, LLC and FC / Safanad Senior Care Properties-Grace, LLC
1035 Powers Place
Alpharetta, GA 30009

It is further noted and agreed that this endorsement confirms coverage for the Additional Named Insured only in respect of the activities of the Insured noted in ITEM 1 of the Declaration of this Policy. This endorsement shall in no way confirm nor infer coverage for the Additional Named Insured in respect of their own or any other activities.

It is further noted and agreed by Underwriters that all rights of subrogation are waived against the Additional Named Insured stated in this endorsement.

All other terms, conditions and limitations of this Policy shall remain unchanged.



Authorized Representative

Schedule 13.1

Adjusted Minimum Rent

In the event Senior Lender or Landlord prohibits repair or reconstruction resulting from an event of casualty or condemnation and this Lease is terminated with respect to the affected Property in accordance with the terms of Section 13.1 or Section 14.1, Minimum Rent shall be reduced by an amount equal to the product obtained by multiplying the then current Minimum Rent by a fraction the numerator of which shall be Adjusted EBITDAR for the twelve (12) months preceding the date of casualty for such Property only and the denominator of which shall be Adjusted EBITDAR for the same period for the entire Premises (plus the Michigan Facilities, on a consolidated basis).

Schedule 15.2
Tenant Personal Property

The following items are held by the Subtenants under capital leases or equipment financing arrangements. Such capital leases and financing arrangements for these items will continue to be the obligation of Subtenants for the term of the Lease. At termination of the respective lease or financing arrangement, the equipment will remain at the respective Facility pursuant to the terms of this Lease.

- I. Frederick Villa Investments & Associates, LLC
 - (a) Whirlpool bath; secured party is AEL Financial, LLC.
 - (b) 37-channel digital television reception system; secured parties are US Bank National Association and Advantage Leasing Corp.
 - (c) Medela Wound Vac; secured party is VGM Financial Services, assigned to Red Mortgage Capital.
- II. Leewood Investments & Associates, LLC
 - (a) Whirlpool bath; secured party is AEL Financial, LLC.
 - (b) Medela Wound Vac; secured party is VGM Financial Services.
 - (c) Senior Technologies Phone System; secured party is VGM Financial Services. This lease was paid off in June, 2010, but the secured party will not release its lien until the lease in II(b), above, has been satisfied.
- III. St. Petersburg Nursing Home, LLC
 - (a) Medela Wound Vac; secured party is VGM Financial Services.
- IV. Sunland-Vero Beach, LLC
 - (a) Phone EOP W/out Exise Tax DIG NEC Aspire System; secured party is US Bancorp.

SCHEDULE 22

Phase I Environmental Assessments Reports

Raintree Manor:

Phase I Environmental Site Assessment prepared for General Electric Capital Corporation, as Agent and Lender, by Donald Brice, C.P.G., Principal Geologist and Beth Kramer, Environmental Scientist, both of URS Corporation, under Project Number 14965534, dated December 6, 2010.

Soddy Daisy Health Care:

Phase I Environmental Site Assessment prepared for General Electric Capital Corporation, as Agent and Lender, by Beth Meyers Graham, Principal Environmental Scientist and Beth Kramer, Environmental Scientist, both of URS Corporation under Project Number 14965534, dated December 2, 2010.

Jacaranda Manor:

Phase I Environmental Site Assessment prepared for General Electric Capital Corporation, as Agent and Lender, by Donald Brice, C.P.G., Principal Geologist and Edward Frederick, Environmental Scientist, both of URS Corporation under Project Number 14965534, dated December 6, 2010.

Frederick Villa Nursing Center:

Phase I Environmental Site Assessment prepared for General Electric Capital Corporation, as Agent and Lender, by Donald Brice, C.P.G., Principal Geologist and Edward Frederick, Environmental Scientist, both of URS Corporation under Project Number 14965534, dated December 6, 2010.

Leewood Healthcare Center:

Phase I Environmental Site Assessment prepared for General Electric Capital Corporation, as Agent and Lender, by Donald Brice, C.P.G., Principal Geologist and Benjamin Otto, Environmental Scientist, both of URS Corporation under Project Number 14965534, dated December 1, 2010.

Grace Healthcare of Abingdon:

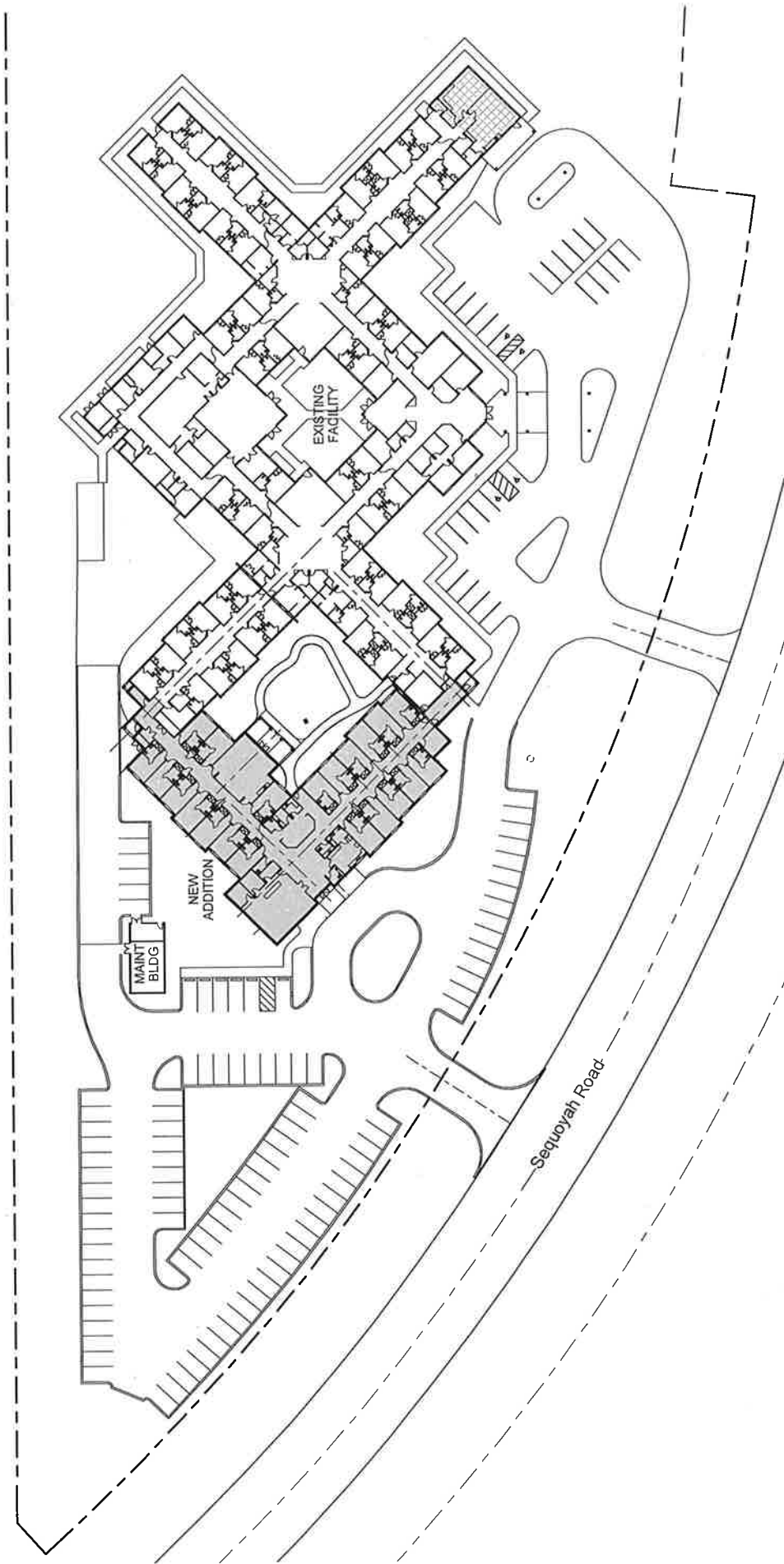
Phase I Environmental Site Assessment prepared for General Electric Capital Corporation, as Agent and Lender, by Beth Meyers Graham, Principal Environmental Scientist and Beth Kramer, Environmental Scientist, both of URS Corporation under Project Number 14965534, dated December 2, 2010.

Royal Palm Convalescent Center:

Phase I Environmental Site Assessment prepared for General Electric Capital Corporation, as Agent and Lender, by Donald Brice, C.P.G., Principal Geologist and Edward Frederick, Environmental Scientist, both of URS Corporation under Project Number 14965534, dated December 6, 2010.

Attachment Section A-6B-1 (a-d)

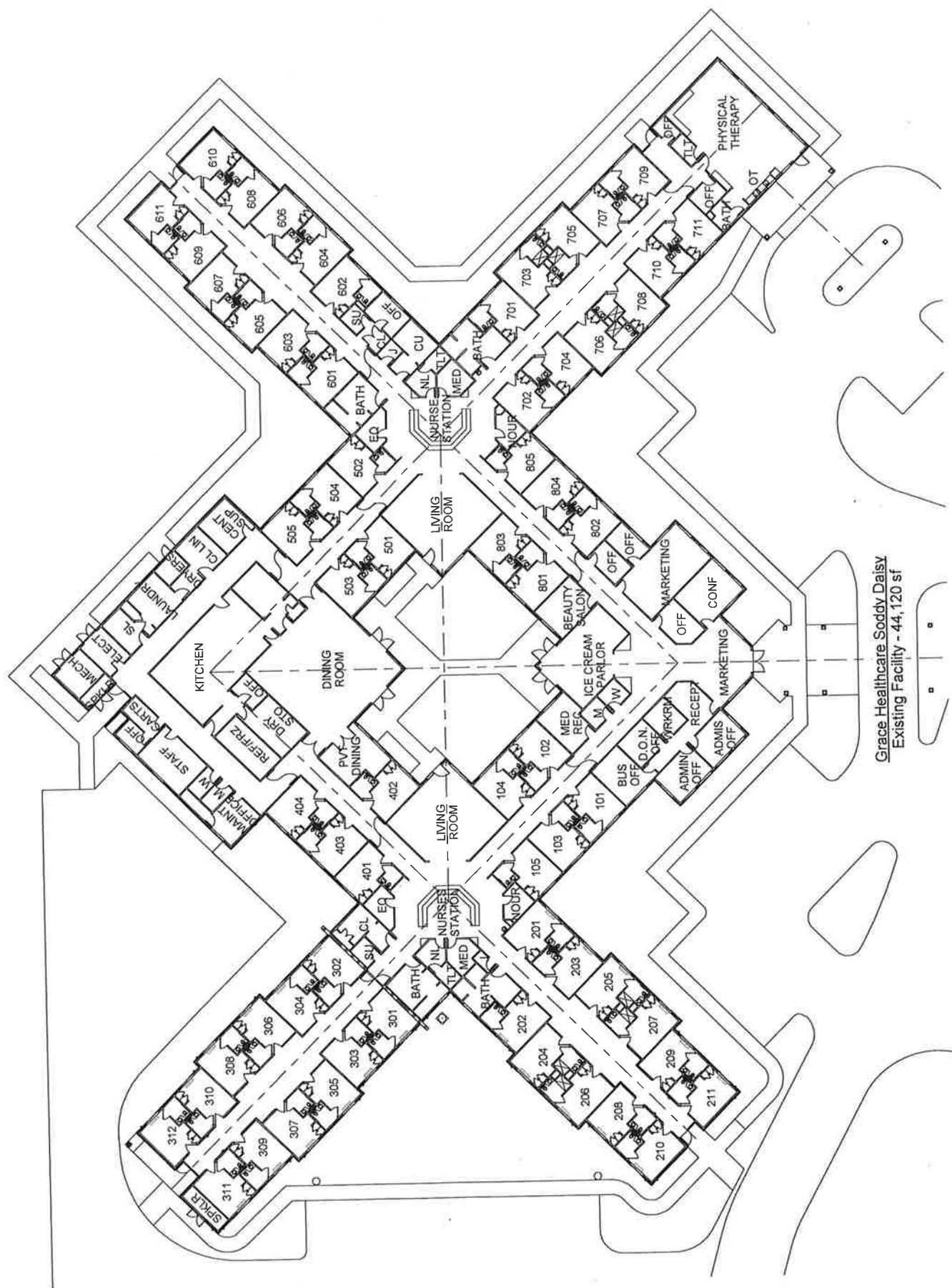
Plot Plan



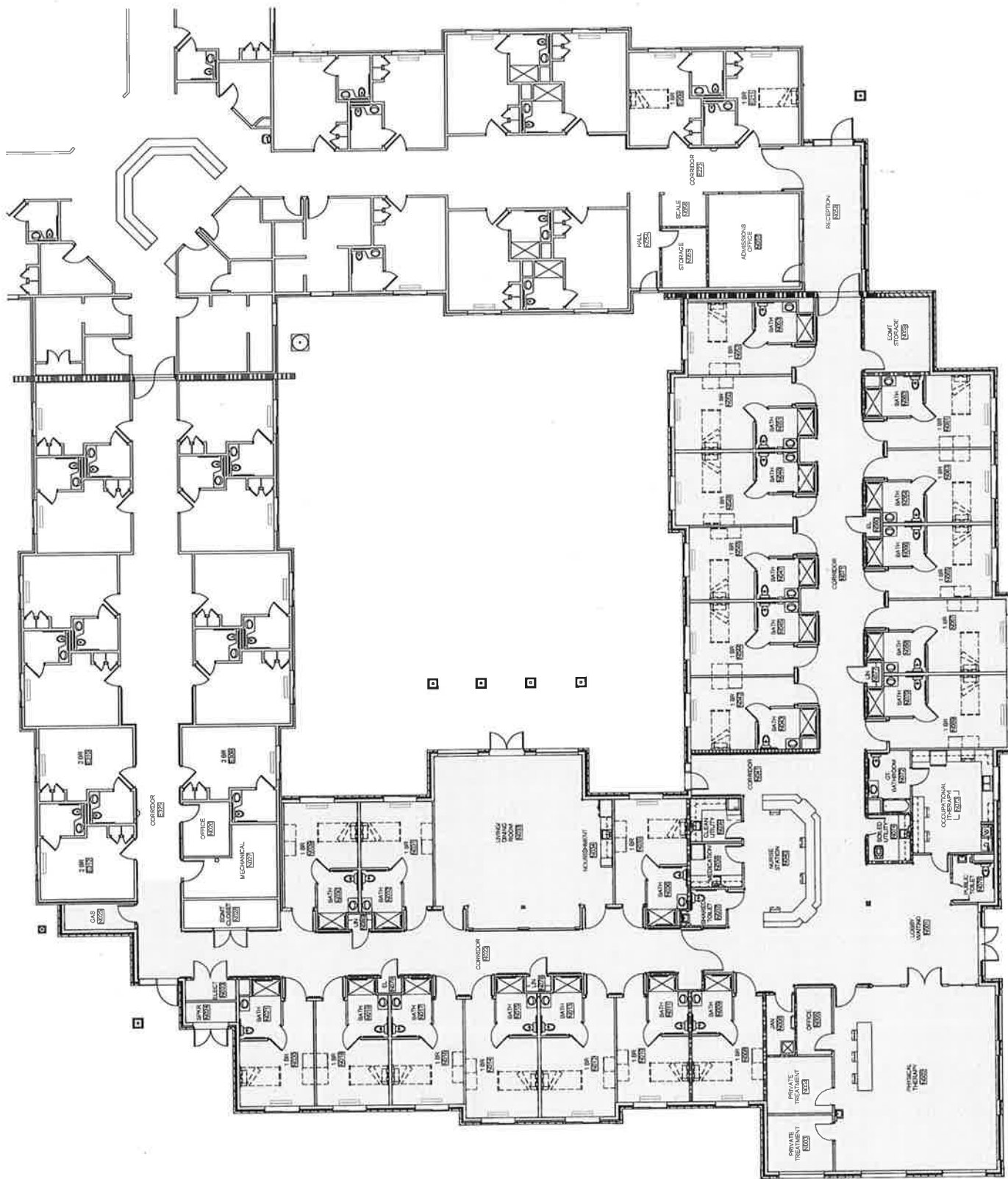
Grace Healthcare Soddy Daisy
Site Plan

Attachment Section A-6B-2

Floor Plan



Grace Healthcare Soddy Daisy
Existing Facility - 44,120 sf



Grace Healthcare Soddy Daisy
New Addition - 13,958 sf

Attachment Section A-6B-3

Accessibility

Attachment Section A-6B-3

Accessibility

Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE:

There is no public mass transportation in Soddy Daisy. The Nursing Home is easily accessible by car, located approximately 1.4 miles from Highway 27. The distance between the facility and area hospitals is set forth in the chart below:

Area Hospital	Distance From Facility in miles
CHI Memorial North	11.8 miles
CHI Memorial (Downtown)	20 miles
Erlanger	20 miles
Rhea Medical Center	24.6 Miles

Attachment Section A-10

Attachment Section A-10

Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services

The Applicant intends to add fourteen (14) dually certified Medicare and Medicaid beds as a result of the proposed project. The additional beds are required to ensure the Applicant's ability to continue to meet the needs of the residents of Hamilton County, particularly in north Hamilton County. The Nursing Home currently maintains near capacity occupancy.

**Attachment Section B
Need - General**

Letters of Support



ROBERT COTHAN
Mayor

JIM ADAMS
Vice-Mayor

City of Soddy-Daisy

983.5 Dayton Pike
Soddy-Daisy, Tennessee 37379
Office 423/332-5323 • Fax 423/332-5018
www.soddy-daisy.org

MAX LOWE
Commissioner

RICK NUNLEY
Commissioner

GENE SHIPLEY
Commissioner

JANICE CAGLE
City Manager

May 30, 2018


To Whom It May Concern:

It is our understanding that Soddy-Daisy Healthcare is appearing before your Board for a Certificate of Need. The City of Soddy-Daisy supports this request.

The City has a population of 12,714 plus with 30,000 plus in the surrounding area. Our population demographic is aging and growing. We anticipate the 2020 Census to certify at 14,000 plus and due to this there is a real need for nursing home and rehabilitation facilities. Soddy-Daisy Healthcare is the only facility in our City at this time to provide these services to our aging population. The addition to the existing facility will allow them to increase the number of residents served.

The City of Soddy-Daisy is fortunate to have such a facility.

Sincerely,


Robert Cothran
Mayor

May 24, 2018

To Whom It May Concern,

As a Physician, Medical Director of a Skilled Nursing Facility, Hospice Agency and rounding Hospitalist at Memorial Hospital and Parkridge Hospital, I can attest to the increasing demand for LTC beds at Soddy Daisy Healthcare Center.

The acuity of patients is much greater, lending to an increased need for isolation rooms and private rooms, also.

The nearest skilled nursing facility to Soddy Daisy Healthcare does not offer LTC beds, often leaving families tasked to transport their loved ones, disrupting their continuity of care.

My practice also sees the aging population at home, where fewer resources for care in the home environment are available.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randy Heisser', with a stylized flourish at the end.

Dr. Randy Heisser, MD

May 29, 2018

To Whom It May Concern,

I am a Nurse Practitioner for the residents at Soddy Daisy Healthcare Center.

I see an increased demand for more long term care placement for the surrounding communities. Many of the patients we see have needs greater than resources available to remain at home, with dignity and quality of life.

There is also a significant increase in the acuity of patients discharging from the hospitals, requiring isolation in a private room for periods of time. This is needed for the safety of other residents as well.

Sincerely,



Wendy Green Dodd FNP-BC

HEALTHCARE, Managed Facility

701 Sequoyah Road
Soddy-Daisy, TN 37379

p 423.332.0060
f 423.332.0328

www.gracch.com

April 25, 2018

To Whom It May Concern,

I believe it is imperative for Soddy Daisy Healthcare to expand their facility. Working with a Hospice company, we face the day-to-day struggle of finding long-term placement for our hospice patients. It is a challenge finding a place with private beds which our patients need for privacy to visit with loved ones, especially at end-of-life.

Soddy Daisy Healthcare Center is one of the only facilities who will have more much needed long-term rooms and private rooms.

There is a huge need for this in the Chattanooga community as a whole.

Thank You,



Lisa Coffelt

Hospice of Chattanooga

423.322.9160

April 1, 2018

To Whom It May Concern,

I am a liaison stationed at Erlanger Hospital. I have been a liaison in the Chattanooga area for almost 20 years. I have seen the evolution of the industry. Unfortunately, the trend is to avoid (LTC) long term care pt's. Soddy Daisy health care is filling a need! They are willing and capable to accept and care for LTC pt's. They also, are accepting high acuity pt's - which require private rooms, isolation rooms and extensive care.

Today, I implore you to help the local community by approving Soddy Daisy's COV. Thank you for caring!

Sincerely,

Mrs Wendy W. Boyd LPN
Solutions HealthCare liaison

March 13, 2018

To Whom It May Concern,

As a liaison at the Memorial Main campus, I frequently receive requests from patients that seek private rooms at Grace Soddy Daisy. I also, regularly see a need for private rooms, due to the isolation needs of patients seeking placement at Grace Soddy Daisy.

Sincerely,

 B.S. CPS

Carla Cates Polk
SHCN Liaison B.S. CPS
423.463.6309

March 12, 2018

To Whom It May Concern,

As a liaison at the Memorial and Memorial Hixson campuses, I receive requests frequently from patients for private rooms. This is a growing need and request of families.

I also see a need for private rooms regularly due to isolation needs of patients who live in and around the area and wish to go to Soddy Daisy Healthcare.

A handwritten signature in cursive script that reads "Rebecca Haas, LMSW". The signature is fluid and written in dark ink.

Rebecca Haas, LMSW SHCN Liaison
(423) 260-0634

March 12, 2018

To Whom It May Concern,

Many of the patients I encounter for admission to Soddy Daisy Healthcare Center request a private room. There have been many occasions that a private room is needed for isolation as well.

I cover Siskin, Healthsouth, Kindred, Parkridge and Parkridge East Hospitals.

Thank you-

A handwritten signature in cursive script that reads "Ashlee Johnson". The signature is written in dark ink and is positioned above the printed name.

Ashlee Johnson

Solutions Healthcare Liaison


423.598.8176

To Whom It May Concern,

I'm a Hospital Liaison at Erlanger Hospital. I cover numerous of the Intensive Care Units. Due to the type of injuries and acuity of the patients, my referrals require private rooms, extensive therapy and unfortunately long term care. There is not alot of available facilities that takes long term patients.

Thank You,

Lisa Johnson-Wear
Solutions Healthcare Network
Hospital Liaison.



3-16-18

April 5, 2018

To Whom It May Concern,

I am a liaison for Chattanooga and the surrounding communities. I visit patients in their home environments and I am constantly called to assess patients in Assisted Living Facilities. I am also called frequently to assess patients in other Skilled Nursing Facilities, that do not offer long term care options. This is very stressful for patients and their families that have to find placement with little to no resources available.

I see an increased number of uneducated families to the aging process and the options available.

These residents that I am assessing have increasingly become sicker, requiring more care than is readily available.

I strongly believe there is a need for more long term care beds, private beds and isolation beds across the community and especially at Soddy Daisy Healthcare Center.

They have an impeccable reputation in our community.

Thank You,

Katrina Shahani

Katrina Shahani, Liaison
Solutions Healthcare Network
423.208.6838

May 25, 2018

To Whom It May Concern,

As a Nurse Practitioner for the residents at Soddy Daisy Healthcare Center, I see an increased demand for more long term care placement. Many of our residents have fewer options to be able to remain in their homes. The acuity of our residents is much higher than in years past, therefore lending to a greater need for additional isolation and private room availability.

Sincerely,

A handwritten signature in dark ink, appearing to read 'B E Dyer ANP-BC'. The signature is fluid and cursive.

Bruce E. Dyer ANP-BC

HEALTHCARE Managed Facility
701 Sequoyah Road
Soddy-Daisy, TN 37379

p 423.332.0060

f 423.332.0328

www.gracehca.com

Attachment Section B Need - A-1

Need Calculation

Need Calculation

Hamilton County Age - Formula/Year	2019 Pop	2019 Need	2020 Pop	2020 Need	2021 Pop	2021 Need	2022 Pop	2022 Need
0-64 (x .0004)	298,138	119	298,914	119	299,722	120	300,531	120
65-74 (x .01)	39,185	392	40,671	407	42,213	422	42,788	428
75-84 (x .04)	19,285	771	19,936	797	20,485	819	22,048	882
85+ (x .15)	8,969	1,345	9,145	1,372	9,293	1,393	9,371	1,405
TOTAL	365,577	2,627	368,666	2,695	371,713	2,754	374,738	2,835
Total Existing Beds		1,721		1,721		1,721		1,721
BED NEED		906		974		1,033		1,114
Net Bed Need Change		N/A	+7.5%		+6%		+7.8%	

Source - University of Tennessee Center for Business and Economic Research Population Data Files,
Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment

**Attachment Section B
Need - A-12**

Evidence of Quality Care

Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

SODDY-DAISY HEALTH CARE CENTER

Overall rating ⓘ 4 out of 5 stars
Above Average

[Learn more about the overall star ratings](#)

701 SEQUOYAH ROAD
SODDY-DAISY, TN 37379
(423) 332-0060

Distance ⓘ : 0.80miles



© Mapbox © OpenStreetMap

Nursing Home information

120 certified beds ⓘ

Participates in ⓘ : Medicare
and Medicaid

Automatic sprinkler systems in
all required areas ⓘ : Yes

Not in a Continuing Care
Retirement Community

(CCRC) ⓘ

Not in a hospital ⓘ

Resident council only ⓘ

[Learn why these characteristics and services are important](#)

Ownership information

Ownership ⓘ : For profit - Corporation

Legal business name: SODDY DAISY HEALTHCARE, LLC

[Get more ownership information](#)

Star rating categories

Health inspection rating ⓘ

4 out of 5 stars
Above Average

Staffing rating ⓘ

3 out of 5 stars
Average

Quality measures rating ⓘ

2 out of 5 stars
Below Average

Health inspections

SODDY-DAISY HEALTH CARE CENTER

Overall rating ⓘ 4 out of 5 stars
Above Average

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. [Learn more.](#)

The [health inspection star rating](#) is based off of 2 years of inspections occurring before November 28, 2017.

	SODDY-DAISY HEALTH CARE CENTER
Health Inspection rating ⓘ	4 out of 5 stars Above Average
Recent health inspection ⓘ	No Health Inspection since 11/28/2017
➤ Number of citations	Not Applicable
➤ Level of harm ⓘ	Not Applicable
➤ Residents affected ⓘ	Not Applicable
Previous standard health inspection ⓘ	04/19/2017 View full report
➤ Total number of health citations	0
Average number of health citations in Tennessee ⓘ	4.0
Average number of health citations in the U.S. ⓘ	5.8
Date(s) of complaint inspection(s) between 5/1/2017 - 4/30/2018	No Complaint Inspections
Number of complaints in the past 3 years that resulted in a citation ⓘ	1
Number of times in the past 3 years a facility-reported issue resulted in a citation ⓘ	0

SODDY-DAISY HEALTH CARE CENTER

[View all health inspection details](#)

[View all health inspection, complaint, and facility-reported issue details](#)

Fire safety inspections

SODDY-DAISY HEALTH CARE CENTER



Overall rating  4 out of 5 stars
Above Average

[Learn more about the overall star ratings](#)

701 SEQUOIA ROAD
SODDY-DAISY, TN 37579

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

[Learn more about fire inspections.](#)

	undefined
Automatic Sprinkler Systems in All Required Areas 	Yes
Date of most recent standard fire safety inspection	04/17/2017
Total number of fire safety citations 	2
Average number of fire safety citations in TN	3.4
Range of fire safety citations in TN	Not Available
Average number of fire safety citations in the United States	3.4
See all fire safety inspection details	View All Fire Safety Inspections

Staffing

SODDY-DAISY HEALTH CARE CENTER

Overall rating  4 out of 5 stars
Above Average

[Learn more about the overall star ratings](#)

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.



[Get more information about the staffing measures](#)

[Get more information about how to read the staffing chart](#)

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), nurse aides, and physical therapists (PT). Physical therapists are not included in the “all staffing” star rating.

The “staffing” star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	SODDY-DAISY HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	3 out of 5 stars Average		
Average number of residents per day	111.1	87.1	86.4
Total number of licensed nurse staff hours per resident per day	1 hour and 38 minutes	1 hour and 40 minutes	1 hour and 32 minutes
RN hours per resident per day	33 minutes	34 minutes	40 minutes
LPN/LVN hours per resident per day	1 hour and 5 minutes	1 hour and 6 minutes	52 minutes
Nurse aides hours per resident per day 	2 hours and 8 minutes	2 hours and 7 minutes	2 hours and 19 minutes
Physical therapist staff hours per resident per day 	9 minutes	7 minutes	6 minutes

	SODDY-DAISY HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	3 out of 5 stars Average		
Average number of residents per day	111.1	87.1	86.4
RN hours per resident per day	33 minutes	34 minutes	40 minutes
How to read staffing charts About staff roles			

Quality of resident care

SODDY-DAISY HEALTH CARE CENTER

Overall rating  4 out of 5 stars
Above Average

[Learn more about the overall star ratings](#)

Quality of resident care

Nursing homes that are certified by [Medicare](#) and [Medicaid](#) regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

[Learn more about what quality of resident care information can tell you about a nursing home](#)



Quality of resident care 


2 out of 5 stars
Below Average

▼ Short-stay residents

Learn why these short-stay measures are important

Current data collection period


	SODDY-DAISY HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own.  <i>Higher percentages are better.</i>	58.5%	66.2%	67.8%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. <i>Lower percentages are better.</i>	20.3%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. <i>Lower percentages are better.</i>	10.7%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. <i>Higher percentages are better.</i>	64.8%	58.5%	57.0%
Percentage of short-stay residents who report moderate to severe pain. <i>Lower percentages are better.</i>	12.5%	11.4%	13.3%
Percentage of short-stay residents with pressure ulcers that are new or worsened.  <i>Lower percentages are better.</i>	0.7%	0.6%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. <i>Higher percentages are better.</i>	100.0%	82.3%	81.5%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. <i>Higher percentages are better.</i>	89.0%	84.6%	83.3%




	SODDY-DAISY HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who got antipsychotic medication for the first time.  <i>Lower percentages are better.</i>	4.3%	2.2%	2.0%

▼ Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	SODDY-DAISY HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. <i>Lower percentages are better.</i>	2.3%	3.4%	3.4%
Percentage of long-stay residents with a urinary tract infection. <i>Lower percentages are better.</i>	5.0%	4.2%	3.4%
Percentage of long-stay residents who report moderate to severe pain. <i>Lower percentages are better.</i>	6.9%	4.6%	5.6%
Percentage of long-stay high-risk residents with pressure ulcers.  <i>Lower percentages are better.</i>	7.7%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. <i>Lower percentages are better.</i>	68.5%	56.3%	47.9%

	SODDY-DAISY HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder.  <i>Lower percentages are better.</i>	2.6%	2.0%	1.8%
Percentage of long-stay residents who were physically restrained. <i>Lower percentages are better.</i>	0.0%	0.9%	0.4%
Percentage of long-stay residents whose ability to move independently worsened. <i>Lower percentages are better.</i>	28.9%	21.4%	18.3%
Percentage of long-stay residents whose need for help with daily activities has increased.  <i>Lower percentages are better.</i>	20.6%	16.0%	15.0%
Percentage of long-stay residents who lose too much weight. <i>Lower percentages are better.</i>	9.6%	7.8%	7.1%
Percentage of long-stay residents who have symptoms of depression. <i>Lower percentages are better.</i>	0.3%	2.0%	4.8%
Percentage of long-stay residents who got an antianxiety or hypnotic medication.  <i>Lower percentages are better.</i>	32.2%	36.1%	22.4%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. <i>Higher percentages are better.</i>	98.9%	93.9%	95.1%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. <i>Higher percentages are better.</i>	98.6%	93.0%	94.1%

	SODDY-DAISY HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who got an antipsychotic medication. ⓘ <i>Lower percentages are better.</i>	25.4%	16.7%	15.5%

Penalties

SODDY-DAISY HEALTH CARE CENTER

Overall rating ⓘ 4 out of 5 stars
Above Average

[Learn more about the overall star ratings](#)

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

[Search for penalties under state law.](#)

[Learn more about penalties.](#)

Federal fines in the last 3 years	0
Amount(s) and date(s)	<p>This nursing home has not received any fines in the last 3 years.</p> <p>States may also impose penalties under state law. To search state websites Click here.</p>
Payment denials by Medicare in the last 3 years	0

Date(s)

This nursing home has not received any payment denials in the last 3 years.

States may also impose penalties under state law. To search state websites [click here](#).

Mahone, Amy

From: Soddy Daisy - SDADMI - Jeremy A. Gravell <SDADMI@gracehc.com>
Sent: Thursday, May 17, 2018 12:19 PM
To: Mahone, Amy
Cc: Aaron Spinks
Subject: RE: 2567 from your last survey
Attachments: Soddy POC 4.19.17 Scanned.pdf

Good Afternoon Amy,

I have attached our current annual survey results for Soddy. Let me know if you need anything else.

Thanks,

Jeremy A. Gravell, LNHA
Administrator
Soddy Daisy Healthcare Center
701 Sequoyah Road
Soddy Daisy, TN 37379
(P) 423.332.0060
(F) 423.332.0328
sdadmi@gracehc.com

SODDY-DAISY
HEALTH CARE CENTER

SERVING YOU FROM OUR HEART

State of Tennessee
Department of Health
Division of Health Licensure and Regulation
East Tennessee Region
7175 Strawberry Plains Pike, Suite 103
Knoxville, TN 37914

May 1, 2017

Dear Tamra Turberville, RN

Please find attached the plan of correction outlying evidence of compliance for the deficiencies cited to us during our annual state survey conducted April 17-19, 2017. I ask that you please review these items at your earliest convenience. If you have any questions please contact me at 423-332-0060.

Sincerely,



Aaron Spinks
Administrator

UACHCARE Managed Facility

701 Sequoyah Road
Soddy-Daisy, TN 37379

p 423.332.0060

f 423.332.0328

www.gracehc.com



Department of
Health

IMPORTANT NOTICE - PLEASE READ CAREFULLY

April 21, 2017

Mr. Aaron Spinks, Administrator
Soddy Daisy Health Care Center
701 Sequoyah Road
Soddy Daisy TN 37379

RE: 44-5408

Dear Mr. Spinks:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety Code recertification survey on **April 17 - 19, 2017**. This letter to you is to serve as notice that as a result of the survey completed **April 19, 2017**, your facility was not in substantial compliance with the participation requirements of Medicare and/or Medicaid Programs. A statement of deficiencies (CMS 2567) is being provided to you with this letter.

If you do not achieve substantial compliance by **June 3, 2017** (45th day), our office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the State Medicaid Agency that enforcement remedies be imposed.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

Mandatory Remedies

If you do not achieve substantial compliance by **July 19, 2017**, (3 months after the last day of the survey identifying noncompliance **April 19, 2017**), the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions.

We will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **October 19, 2017**, if substantial compliance is not achieved by that time.

Mr. Aaron Spinks, Administrator
April 21, 2017
Page 2

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

Plan of Correction (POC)

A POC for the deficiencies must be submitted by **May 1, 2017**. Failure to submit an acceptable POC by **May 1, 2017**, may result in the imposition of remedies by **June 3, 2017**.

Your POC must contain the following:

What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;

How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;

What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and

How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

Informal Dispute Resolution (IDR):

In accordance with 488.331, you have one opportunity to question cited deficiencies. The facility must submit this written request within ten (10) days after the date that the facility receives the statement of deficiencies.

Upon receiving the facility's request to participate, the state survey agency shall perform a desk review for all deficiencies unless the facility requests a face-to-face IDR. Desk reviews will be conducted by the regional office that cited the deficiency. A facility may request a face-to-face IDR to be conducted before a panel but only for substandard or immediate jeopardy level deficiencies. In making a request to participate in the IDR process (desk review or face-to-face), a facility's request must be accompanied by the following: a short, plain statement of the facts containing the reasons for requesting participation in the IDR process; a copy of the CMS 2567 form;

Mr. Aaron Spinks, Administrator

April 21, 2017

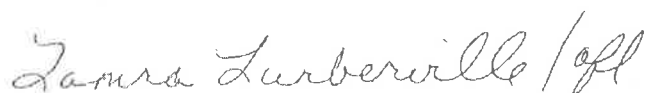
Page 3

a summary of the facility's dispute with the cited deficiencies stating that the deficiency should not have been cited and the reasons for this assertion; proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) supporting the facility's position disputing the deficiencies; and a plan of corrective action.

Should the facility request a face-to-face IDR, then the facility shall submit the following additional information: a list of individuals who intend to appear at the face-to-face IDR (should one be requested for substandard and/or immediate jeopardy deficiencies); and proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) specifically disputing the scope and severity of the cited immediate jeopardy or substandard deficiencies. If the facility is requesting a desk review in addition to a face-to-face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter by fax at 865-594-5739. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-594-9396 or by fax: 865-594-5739.

Sincerely,

A handwritten signature in cursive script that reads "Tamra Turberville /off".

Tamra Turberville, RN, MSN
Public Health Regional Regulatory Program Manager

TT:afi

Enclosure

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN3315	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED 04/19/2017
NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 000	Initial Comments A Licensure survey was conducted on 4/17/17 through 4/19/17, at Soddy-Daisy Health Care Center. No Health deficiencies were cited in relation to the survey under chapter 1200-08-06, Standards For Nursing Homes.	N 000		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

8509

L1GD11

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 04/20/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445408	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 04/17/2017
NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 000	INITIAL COMMENTS A Life Safety Survey was conducted by the State of Tennessee Department of Health Division of Health Licensure and Regulation Office of Health Care Facilities survey on 4/17/17. During this Life Safety Survey, Soddy Daisy Healthcare Center was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR Subpart 483.70(a), Life Safety from Fire, and the related National Fire Protection Association (NFPA) standard 101 - 2012 edition. The requirement at 42 CFR, Subpart 483.70(a) is NOT MET as evidenced by	K 000		
K 351 SS=D	NFPA 101 Sprinkler System - Installation Spinkler System - Installation 2012 EXISTING Nursing homes, and hospitals where required by construction type, are protected throughout by an approved automatic sprinkler system in accordance with NFPA 13, Standard for the Installation of Sprinkler Systems. In Type I and II construction, alternative protection measures are permitted to be substituted for sprinkler protection in specific areas where state or local regulations prohibit sprinklers. In hospitals, sprinklers are not required in clothes closets of patient sleeping rooms where the area of the closet does not exceed 6 square feet and sprinkler coverage covers the closet footprint as required by NFPA 13, Standard for Installation of Sprinkler Systems. 19.3.5.1, 19.3.5.2, 19.3.5.3, 19.3.5.4, 19.3.5.5, 19.4.2, 19.3.5.10, 9.7, 9.7.1.1(1) This STANDARD is not met as evidenced by: Based on observation, the facility failed to	K 351	K 351 1. On 4/19/2017 Chattanooga Fire Protection assessed the can wash area needing the sprinkler head and provided a quote for the necessary work. The work is expected to be completed by 5/8/2017. 2. The Maintenance Director conducted an audit of the entire facility to ensure all areas were protected by an automatic sprinkler system on 4/19/2017. 3. The Maintenance Director was in-serviced by the Administrator on ensuring that the facility was protected throughout by an automatic sprinkler system in accordance with NFPA 13 on 4/17/2017. The Maintenance Director will conduct a weekly audit of all areas to ensure there is an automatic sprinkler system protecting the facility for 3 weeks and then monthly for 2 months or until 100% compliant. This audit will be added to the preventative maintenance program.	5/22/2017

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 04/20/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445408	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B WING _____		(X3) DATE SURVEY COMPLETED 04/17/2017
NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 351	Continued From page 1 provide all areas with sprinkler protection. NFPA 101 2012 Ed. 19.3.5.4, 9.7.1.1(1) NFPA 13 2010 Ed. 8.15.1.2.18, 8.15.1.2.18.1 The findings include: The deficiency affects smoke 1 of 7 smoke compartments. The census the day of the survey was 107 residents. Observation on 4/17/17 at 11:55 AM revealed the can wash area is not provided with sprinkler protection. The area is covered by an overhang of the combustible roof that extends 4 feet or greater out over the can wash area. The facility at one time did have sprinkler protection there but in a recent sprinkler project the existing sprinkler head was removed and a new sprinkler head was not installed. The maintenance director was present was the deficiencies were identified and acknowledged by the administrator during the exit conference on 4/17/17.	K 351	4. The Maintenance Director will present findings of the audits and the results will be reported and reviewed by the Quality Assurance and Performance Improvement Committee monthly. The committee consists of the Executive Director, Director of Nursing, Medical Director, Director of Marketing, Director of Social Services, Rehab Services Manager, Director of Activities, Dietary Manager, and Business Office Manager.		
K 753 SS=F	NFPA 101 Combustible Decorations Combustible Decorations Combustible decorations shall be prohibited unless one of the following is met: * Flame retardant or treated with approved fire-retardant coating that is listed and labeled for product. * Decorations meet NFPA 701. * Decorations exhibit heat release less than 100 kilowatts in accordance with NFPA 289. * Decorations, such as photographs, paintings and other art are attached to the walls, ceilings	K 753	K 753 1. On 4/17/2017 the combustible decorations were removed from the resident room doors for room doors 103, 113, 118, 124, 206, 208, 216. 2. The Maintenance Director conducted an audit of the facility to ensure there were no combustible decorations hanging on the outside of resident room doors 4/17/2017.		5/22/2017

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445408	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____		(X3) DATE SURVEY COMPLETED 04/17/2017
NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379		
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K 753	<p>Continued From page 2</p> <p>and non-fire-rated doors in accordance with 18.7.5.6 or 19.7.5.6.</p> <p>* The decorations in existing occupancies are in such limited quantities that a hazard of fire is not present.</p> <p>18.7.5.6, 19.7.5.6</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to have combustible decorations treated with a fire retardant coating.</p> <p>NFPA 101 2012 Ed. 19.7.5.6</p> <p>The deficiency affects 3 of 7 smoke compartments. The census the day of the survey was 107 residents.</p> <p>The findings include:</p> <p>Observation and interview with the maintenance director on 4/17/17 between 11:00 AM and 1:15 PM revealed the following locations have combustible decorations hanging on the outside of resident room doors:</p> <ol style="list-style-type: none"> 1. Resident room door 103. 2. Resident room door 113. 3. Resident room door 118. 4. Resident room door 124. 5. Resident room door 208. 6. Resident room door 206. 7. Resident room door 216. <p>The maintenance director was present was the deficiencies were identified and acknowledged by the administrator during the exit conference on 4/17/17.</p>	K 753	<ol style="list-style-type: none"> 3. The Maintenance Director, Activity Director, and Environmental Director were in-serviced on combustible decorations hanging on resident room doors on 4/19/2017. The Maintenance Director will conduct a daily audit of resident room doors for 5 days, then weekly for 3 weeks, then monthly for 2 months or until 100% compliant. This audit will be added to the preventative maintenance program. 4. The Maintenance Director will present findings of the audits and the results will be reported and reviewed by the Quality Assurance and Performance Improvement Committee monthly. The committee consists of the Executive Director, Director of Nursing, Medical Director, Director of Marketing, Director of Social Services, Rehab Services Manager, Director of Activities, Dietary Manager, and Business Office Manager. 		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN3315	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 04/17/2017
NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379		
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N 002	1200-8-6 No Deficiencies During the Life Safety portion of the annual Licensure survey conducted on 4/17/17, no deficiencies were cited under 1200-8-6, Standards for Nursing Homes.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

0099

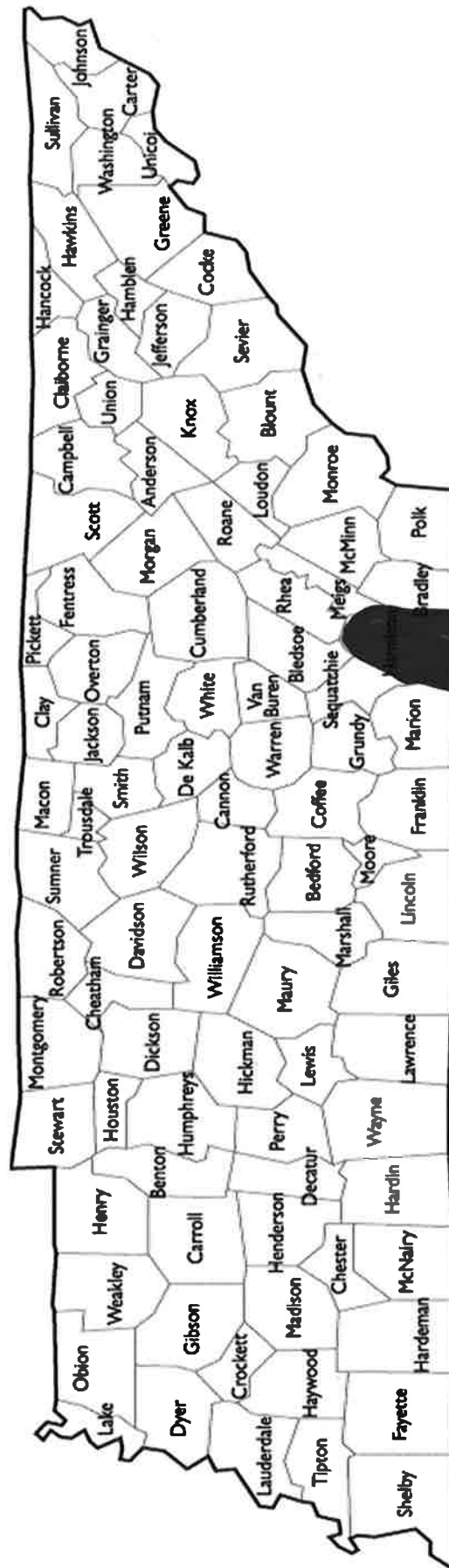
L1GD21

If continuation sheet 1 of 1

**Attachment Section B
Need - C**

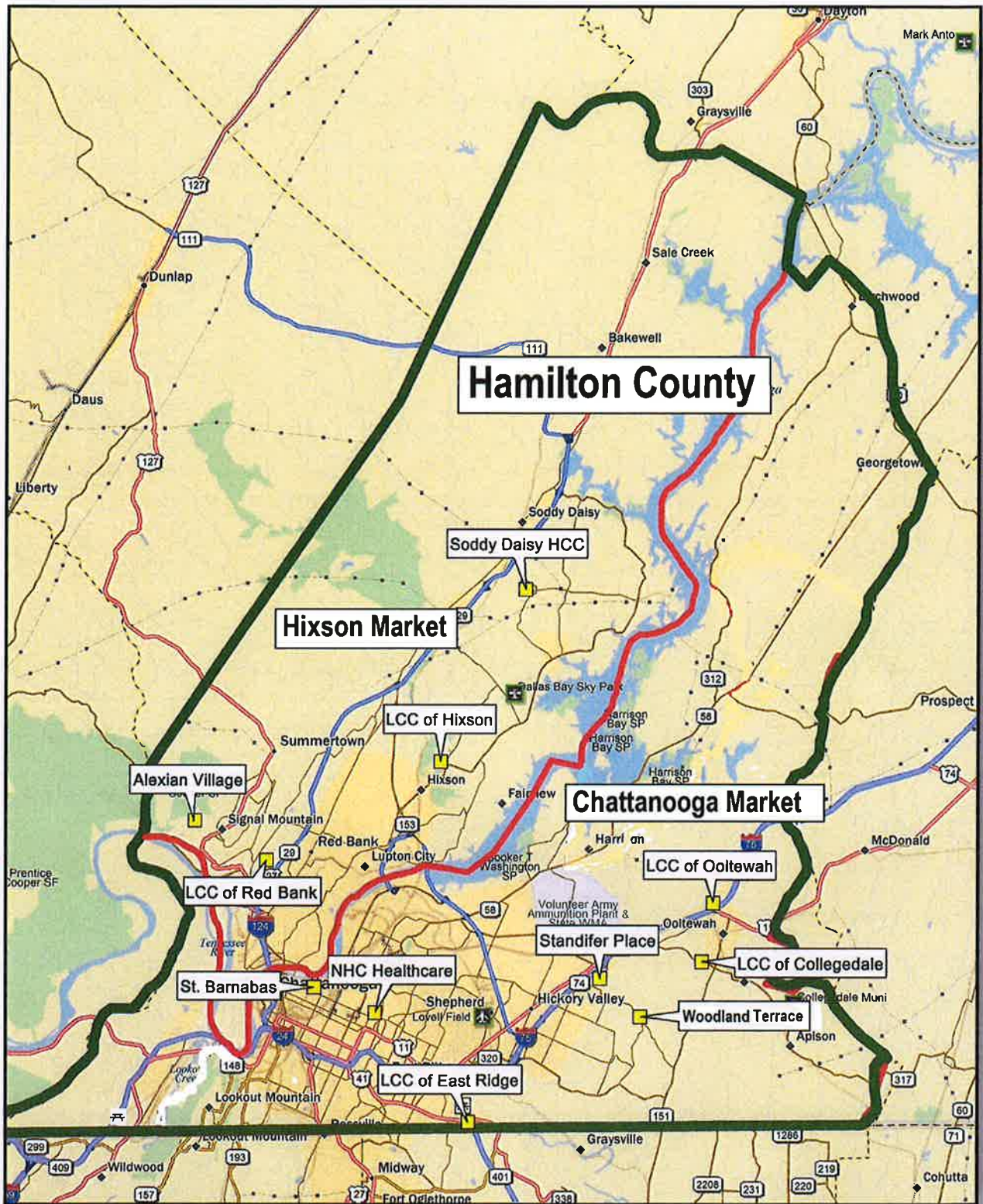
Service Area

County Level Map



**Attachment Section B
Need - D-1-a**

Map of Hixson Market and Chattanooga Market



**Attachment Section B
Need - D-1-b**

Population Data Chart

Population Data Chart

Demographic Variable/ Geographic Area	Department of Health/Health Statistics								Bureau of the Census			TennCare	
	Total Population - 2018	Total Population - 2022	Total Population % Change	Target Population - 2018	Target Population - 2022	Target Population % Change	Target Population 2022 as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees (March 2018)	TennCare Enrollees as % of Total Population
Hamilton County	362,471	374,738	3.4%	65,201	74,207	13.8%	17.98%	39.3	\$49,434	50,631	14.8%	66,291	18.3%
State of TN Total	6,960,524	7,263,893	4.4%	1,175,938	1,362,320	15.8%	18.8%	39.3	\$46,574	1,100,169	17.2%	1,446,799	20.7%

**Attachment Section B
Need - E-1**

Service Area Utilization

Service Area Utilization

Facility	Admissions / Discharges			Average Length of Stay	No. of Residents	Resident Days of Care			Occupancy		
	2014	2015	2016			2014	2015	2016	2014	2015	2016
Soddy Daisy Health Care Center [120 beds] [43,800 RDCs]	A = 246	A = 224	A = 330	Less than 100 days	18	39,677	35,350	40,118	90.6%	80.7%	91.6%
	D = 261	D = 255	D = 266	100-180 days	11						
				181-364 days	28						
				1 year to < 2 years	18						
				2 years to < 3 years	10						
				3 years to < 4 years	8						
				4 or more years	12						
				TOTAL	105						
Alexian Village Health & Rehab [114 beds] [41,610 RDCs]	A = 318	A = 351	A = 380	Less than 100 days	321	36019	36374	38901	86.6%	87.4%	93.5%
	D = 279	D = 311	D = 300	100-180 days	6						
				181-364 days	18						
				1 year to < 2 years	10						
				2 years to < 3 years	6						
				3 years to < 4 years	5						
				4 or more years	4						
				TOTAL	370						
Life Care Center of Hixson [104 beds] [37,960 RDCs]	A = 1420	A = 838	A = 1028	Less than 100 days	59	33349	31635	26277	87.9%	83.3%	66.7%
	D = 1342	D = 833	D = 1014	100-180 days	0						
				181-364 days	2						
				1 year to < 2 years	2						
				2 years to < 3 years	3						
				3 years to < 4 years	1						
				4 or more years	6						
				TOTAL	73						

Facility	Admissions / Discharges			Average Length of Stay	No. of Residents	Resident Days of Care			Occupancy		
Life Care Center of Red Bank [148] [54,020 RDCs]	A = 558 D = 434	A = 542 D = 495	A = 537 D = 465	Less than 100 days	57	40111	40111	40349	74.3%	74.3%	74.7%
				100-180 days	11						
				181-364 days	19						
				1 year to < 2 years	15						
				2 years to < 3 years	5						
				3 years to < 4 years	5						
				4 or more years	7						
				TOTAL	119						
	A = 366 D = 292	A = 500 D = 444	A = 482 D = 425	Less than 100 days	35	37801	41093	39770	83.5%	90.8%	87.9%
				100-180 days	10						
				181-364 days	20						
				1 year to < 2 years	20						
				2 years to < 3 years	20						
				3 years to < 4 years	5						
Life Care Center of East Ridge *JAR not accurate; new facility in 2015 Life Care Center of Ooltewah [120 beds] [43,800 RDCs]	N/A	N/A	N/A	Less than 100 days	N/A	N/A	N/A	N/A	N/A	N/A	N/A
				100-180 days							
				181-364 days							
				1 year to < 2 years							
				2 years to < 3 years							
				3 years to < 4 years							
				4 or more years							
				TOTAL	63						
			A = 597 D = 574	Less than 100 days	55			23343			53.3%
				100-180 days	3						
				181-364 days	0						
				1 year to < 2 years	3						
				2 years to < 3 years	2						
				3 years to < 4 years	0						
				4 or more years	0						
				TOTAL	63						

NHC Healthcare 200 licensed beds 196 staffed beds [71540 RDCs]	A = 619	A = 534	A = 600	Less than 100 days	51	62619	65775	66369	87.5%	91.9%	92.8%
	D = 536	D = 423	D = 518	100-180 days	17						
				181-364 days	21						
				1 year to < 2 years	35						
				2 years to < 3 years	23						
				3 years to < 4 years	44						
				4 or more years	29						
				TOTAL	187						
					No Data in JAR						
Woodland Terrace fka Stratford House (Consulate) [127 beds] [46,355 RDCs]	A = 225	A = 257	No Data in JAR	Less than 100 days		43,953	38221	No Data in JAR	94.8%	82.45%	No Data in JAR
	D = 194	D = 159		100-180 days							
				181-364 days							
				1 year to < 2 years							
				2 years to < 3 years							
				3 years to < 4 years							
				4 or more years							
				TOTAL							
The Health Center at Standifer Place [444 beds] [162,060 RDCs]	A = 849	A = 831	A = 907	Less than 100 days	832	141220	144996	144329	87.1%	89.5%	89.1%
	D = 571	D = 669	D = 656	100-180 days	86						
				181-364 days	91						
				1 year to < 2 years	94						
				2 years to < 3 years	118						
				3 years to < 4 years	141						
				4 or more years	4						
				TOTAL	1366						
St. Barnabas at Siskin [108 beds] [86 beds 2015 JAR] [39,450 RDCs]	A = 233	A = 602	A = 886	Less than 100 days	34	34213	27444/ 31390	25729	86.7%	87.42%	65.3%
	D = 231	D = 607	D = 881	100-180 days							
				181-364 days							
				1 year to < 2 years							
				2 years to < 3 years							
				3 years to < 4 years	10						
				4 or more years	22						
				TOTAL	66						

Source: 2014 - 2016 Tennessee Joint Annual Reports

**Attachment Section B
Economic Feasibility - A-5**

Documentation Supporting Construction Costs



142 N Market St . Chattanooga . TN 37405

423.266.1207

June 7, 2018

Mr. Craig Taylor, President
Soddy Daisy Healthcare, LLC
801 Broad Street, Suite 300
Chattanooga, TN 37402

RE: Soddy Daisy Healthcare Center
21 Bed Skilled Nursing Addition
701 Sequoyah Road
Soddy Daisy, TN 37379

Dear Mr. Taylor:

We have reviewed the application that has been prepared for the CON to the State of Tennessee for the proposed 14 bed skilled nursing addition located at 701 Sequoyah Road in Soddy Daisy, Tennessee. The new addition includes private patient rooms with private bathrooms, a common living/dining area, a satellite nurse station and new and enlarged physical and occupational therapy suites. The layout of the new addition creates a new internal courtyard adjacent to the existing facility. The project site is relatively flat and must accommodate the expansion of the parking lots displaced by the building addition.

We concur that the estimated project cost of \$3,258,353 is reasonable considering the project location, required sitework, and historical budgeting information for similar skilled nursing facilities.

The facility is designed to meet the 2010 ADA standards, the 2010 FGI Guidelines for Design & Construction of Health Care Facilities and all applicable local, state and federal codes and standards.

Sincerely,

Randall T. Cagle, AIA
Franklin Architects, Inc.
Project Architect

**Attachment Section B
Economic Feasibility - F-1**

Applicant's Financial Statements

Soddy Daisy Health Care Center
Income Statement Summary Trend
For the Period Ending
December 31, 2017

Days	Dec-17	Nov-17	Oct-17	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	12 Month	
													Total	YTD Balance
Private	467	538	515	470	444	448	408	490	373	329	396	520	5,398	5,398
Medicare A	596	558	589	471	477	649	421	560	646	761	643	408	6,549	6,549
Medicaid	1,813	1,712	1,697	1,651	1,717	1,531	1,515	1,506	1,541	1,528	1,705	1,932	19,848	19,848
Medicare C - Rugs/Levels	178	169	352	270	302	284	343	287	137	236	215	336	3,109	3,109
HMO	5	-	-	-	-	-	-	19	-	8	15	-	47	47
Hospice	263	350	353	429	409	402	443	528	528	518	366	287	4,876	4,876
Total Inpatient Days	3,322	3,327	3,506	3,291	3,349	3,314	3,130	3,390	3,225	3,380	3,110	3,483	39,827	39,827
AVG Daily Census - SNF	107.2	110.9	113.1	109.7	108.0	106.9	104.3	109.4	107.5	109.0	111.1	112.4	109.1	109.1
Occupancy Percentage - SNF	90.1%	93.2%	95.0%	92.2%	90.8%	89.8%	87.7%	91.9%	90.3%	91.6%	93.3%	94.4%	91.7%	91.7%

PPD Revenues														
Private	\$ 217.54	\$ 217.30	\$ 217.83	\$ 218.30	\$ 220.97	\$ 219.00	\$ 218.32	\$ 219.18	\$ 220.67	\$ 221.23	\$ 222.31	\$ 218.67	\$ 219.12	\$ 219.12
Medicare A	\$ 486.52	\$ 480.57	\$ 458.01	\$ 460.46	\$ 462.75	\$ 455.08	\$ 487.00	\$ 463.92	\$ 455.49	\$ 462.78	\$ 454.88	\$ 474.75	\$ 466.28	\$ 466.28
Medicaid	\$ 203.13	\$ 201.67	\$ 204.36	\$ 202.03	\$ 201.51	\$ 195.49	\$ 199.36	\$ 199.40	\$ 199.06	\$ 194.18	\$ 198.36	\$ 193.98	\$ 199.41	\$ 199.41
Medicare C - Rugs/Levels	\$ 434.40	\$ 309.89	\$ 386.04	\$ 387.36	\$ 365.12	\$ 355.29	\$ 375.17	\$ 383.21	\$ 452.72	\$ 422.61	\$ 425.83	\$ 435.14	\$ 392.25	\$ 392.25
HMO	\$ 333.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400.00	\$ -	\$ 450.00	\$ 450.00	\$ -	\$ 417.34	\$ 417.34
Hospice	\$ 186.65	\$ 186.39	\$ 186.93	\$ 187.17	\$ 187.41	\$ 187.41	\$ 180.54	\$ 180.36	\$ 180.69	\$ 180.35	\$ 181.27	\$ 180.69	\$ 183.52	\$ 183.52
Medicare B	\$ 12.70	\$ 17.81	\$ 13.15	\$ 15.67	\$ 19.07	\$ 13.90	\$ 17.32	\$ 16.82	\$ 15.13	\$ 11.21	\$ 13.57	\$ 15.27	\$ 15.16	\$ 15.16
Write Offs/Allowances/Adjustments	\$ (10.59)	\$ (1.60)	\$ (3.76)	\$ (3.22)	\$ (2.01)	\$ (4.78)	\$ (9.38)	\$ (13.70)	\$ (4.13)	\$ (10.08)	\$ (1.87)	\$ (4.38)	\$ (5.80)	\$ (5.80)
Total PPD Revenue	\$ 275.39	\$ 267.40	\$ 272.09	\$ 263.70	\$ 267.10	\$ 267.39	\$ 265.53	\$ 258.73	\$ 268.09	\$ 277.10	\$ 259.39	\$ 260.49	\$ 266.91	\$ 266.91

Revenues														
Private	101,590	116,910	112,180	102,600	98,112	98,112	89,073	107,398	82,309	72,785	88,036	113,710	1,182,815	1,182,815
Medicare A	289,965	268,160	269,766	216,879	220,734	295,348	205,025	259,793	294,244	352,178	187,867	193,699	3,053,657	3,053,657
Medicaid	368,277	345,255	346,798	333,551	345,995	299,293	302,031	300,300	306,755	296,702	338,211	374,768	3,957,935	3,957,935
Medicare C - Rugs/Levels	77,322	52,372	135,885	104,587	110,267	100,902	128,682	109,980	62,022	99,735	91,552	146,207	1,219,514	1,219,514
HMO	1,665	-	-	-	-	-	-	7,600	-	3,600	6,750	-	19,615	19,615
Hospice	49,089	65,238	65,985	80,298	76,651	75,339	79,979	95,228	95,404	93,421	66,346	51,858	894,834	894,834
Other Inpatient	(0)	-	-	-	-	-	-	-	-	-	-	-	(0)	-
Medicare B	32,293	46,301	33,738	39,949	49,008	33,102	40,990	42,454	36,937	26,617	33,474	41,819	456,684	456,684
Other Revenue	29,848	733	2,805	586	467	(101)	14,694	788	235	25,611	282	486	76,433	76,433
Write Offs and Allowance	(32,259)	(5,399)	(10,834)	(7,658)	(6,684)	(15,875)	(26,403)	(41,939)	(5,716)	(29,733)	(2,000)	(4,014)	(188,514)	(188,514)
BA and Prior Year Adjustments	(2,934)	81	(2,364)	(2,941)	(34)	24	(2,971)	(4,506)	(7,608)	(4,328)	(3,813)	(11,254)	(42,647)	(42,647)
Total Revenue	914,856	889,651	953,959	867,850	894,516	886,145	831,100	877,097	864,582	936,589	806,705	907,278	10,630,327	10,630,327

Expenses														
Salaries	298,833	298,210	304,061	296,740	276,455	297,048	279,760	302,337	279,615	287,639	270,415	286,114	3,477,227	3,477,227
Related Taxes	27,050	28,699	27,228	25,733	24,702	25,356	26,129	25,764	25,741	25,463	24,019	28,362	314,245	314,245
Overtime	36,583	38,211	38,690	29,241	31,930	19,952	28,840	27,952	37,760	22,681	13,896	26,095	351,833	351,833
Orientation & Training	(121)	626	-	-	-	-	-	-	-	-	-	-	504	504
Vac/Sick and Bonuses	9,781	30,372	9,004	(11,852)	22,805	15,004	26,830	22,332	24,021	17,462	21,052	13,128	199,940	199,940
Holiday	6,331	8,493	851	7,146	620	6,770	-	6,695	712	90	265	9,057	47,031	47,031
Admin Comp	9,518	8,491	9,367	8,643	9,368	8,099	8,643	8,945	7,374	9,670	7,736	8,522	104,377	104,377
Total Wages and Related Expenses	387,975	413,104	389,202	355,652	365,881	372,227	370,203	394,025	375,222	363,004	337,384	371,278	4,495,157	4,495,157

Soddy Daisy Health Care Center
Income Statement Summary Trend
For the Period Ending
December 31, 2017

	Dec-17	Nov-17	Oct-17	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	12 Month Total	YTD Balance
Supplies	60,879	48,096	45,850	53,701	51,043	46,563	51,037	57,021	50,496	47,521	45,892	50,558	608,657	608,657
Major Purchases	1,127	371	819	-	440	4,100	-	-	436	3,581	1,235	-	12,109	12,109
Prescriptions	27,576	27,411	37,135	25,392	28,481	40,557	27,350	33,555	26,438	32,911	21,940	27,135	355,881	355,881
Contracted Therapy	100,191	104,688	114,562	106,052	109,563	109,172	109,602	111,914	94,602	111,072	83,906	101,069	1,256,392	1,256,392
Other Ancillaries	14,692	34,732	34,414	16,817	29,897	20,513	26,195	26,281	25,529	26,451	22,800	20,462	298,783	298,783
Purch Svc and Prof Fees	29,451	26,457	40,735	41,562	44,515	38,108	41,325	29,385	29,895	29,239	25,215	29,241	405,127	405,127
Management Fees	45,743	44,853	47,809	42,910	43,919	45,697	40,522	44,305	43,932	46,309	40,099	45,418	531,516	531,516
Utilities	17,191	17,651	16,597	17,566	18,497	17,773	18,447	16,753	19,339	18,614	20,941	21,595	220,965	220,965
Health and Related Insuran	16,497	14,631	20,128	12,219	18,412	17,484	29,665	13,330	10,983	17,554	15,977	14,022	200,852	200,852
Workers Comp	4,564	4,687	4,687	4,291	4,687	4,687	4,687	4,687	4,687	3,788	5,586	4,687	55,726	55,726
Prop and GL Insurance	18,185	17,197	17,197	18,128	17,274	15,439	18,563	17,198	17,198	17,590	16,998	18,186	209,152	209,152
Taxes and Licenses	16,608	55,254	55,254	63,198	48,657	50,407	50,464	50,407	50,407	50,640	50,291	50,291	591,877	591,877
Other Expenses	5,505	9,976	13,398	11,608	9,047	5,207	7,987	9,025	5,160	9,570	6,954	5,501	98,939	98,939
Total Operating Expenses	746,183	819,107	837,787	769,095	790,313	787,935	796,047	807,886	754,324	777,845	695,167	759,444	9,341,131	9,341,131
Operating Margin	168,674	70,544	116,172	98,755	104,203	98,210	35,053	69,211	110,258	158,744	111,538	147,834	1,289,196	1,289,196
Operating Margin %	18.4%	7.9%	12.2%	11.4%	11.6%	11.1%	4.2%	7.9%	12.8%	16.9%	13.8%	16.3%	12.1%	12.1%
Interest Expense	3,545	3,463	3,224	3,551	3,342	3,302	3,391	3,447	3,203	2,883	2,775	2,915	39,042	39,042
Rents and Leases	87,543	85,394	86,468	86,468	86,468	88,042	86,992	86,837	85,743	86,779	86,951	87,196	1,040,882	1,040,882
Depr and Amort	6,977	5,632	5,689	5,639	5,639	5,639	5,797	5,797	5,708	5,625	5,887	5,389	69,416	69,416
Other Non-Op Exp/Rev	(3)	-	(1)	-	-	-	-	(1)	(15)	-	4	(26)	(41)	(41)
Total Non-Operating Exp/Rev	98,062	94,489	95,380	95,658	95,450	96,982	96,180	96,080	94,638	95,287	95,617	95,474	1,149,298	1,149,298
Net Income	70,611	(23,946)	20,792	3,097	8,754	1,228	(61,127)	(26,870)	15,620	63,456	15,921	52,360	139,898	139,898
Fixed Cost Coverage	1.72	0.75	1.22	1.03	1.09	1.01	0.36	0.72	1.17	1.67	1.17	1.55	1.12	1.12
Operating Margin by Product Line														
SNF Revenue	914,856	889,651	953,959	867,850	894,516	886,145	831,100	877,097	864,582	936,589	806,705	907,278	10,630,327	10,630,327
SNF Operating Expense	746,183	819,107	837,787	769,095	790,313	787,935	796,047	807,886	754,324	777,845	695,167	759,444	9,341,131	9,341,131
SNF Operating Margin	168,674	70,544	116,172	98,755	104,203	98,210	35,053	69,211	110,258	158,744	111,538	147,834	1,289,196	1,289,196

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Soddy Daisy Health Care Center
Balance Sheet
For the Period Ending
December 31, 2017

	Dec-17	Nov-17	Oct-17	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	Dec-16	Dec-15
11722 AS Interco: RT														
11724 AS W/C Cash Collateral	55,287.07	55,287.07	55,287.07	55,287.07	55,287.07	55,287.07	55,287.07	55,287.07	55,287.07	55,287.07	55,287.07	51,102.37	51,102.37	
11759 AS W/C Property Investments-AS	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32	82,770.32
11770 AS IC: Decatur	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56	37,280.56
11794 AS IC: GWT-A	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30	981,778.30
11900 AS Interco: DOT Formation Pool	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62	1,057,379.62
11904 AS Due to/from Owner	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04	1,265,558.04
12733 AS IC: Whites Creek Healthcare	1,643,017.22	1,567,746.68	1,541,929.67	1,701,194.59	1,573,678.72	1,534,353.32	1,501,417.75	1,449,097.05	1,753,643.52	1,760,971.84	1,518,237.15	1,476,204.33	1,617,888.05	1,075,630.15
Total Companies														
Investments														
11800 AS Patient Trust Bank Account	26,701.00	21,079.55	18,858.75	20,757.09	21,482.07	16,459.17	21,611.10	19,555.42	16,405.59	18,236.79	17,189.81	21,155.76	22,996.37	56,439.32
11801 AS Patient Trust Petty Cash	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
11802 AS Total Restricted Assets	26,901.00	21,279.55	19,058.75	20,957.09	21,682.07	16,659.17	21,811.10	19,755.42	16,605.59	18,436.79	17,389.81	21,355.76	23,196.37	56,639.32
TOTAL ASSETS	3,332,781.56	3,558,412.38	3,337,118.09	3,472,452.76	3,446,070.00	3,371,751.54	3,394,086.61	3,453,005.91	3,457,781.50	3,440,105.04	3,231,080.50	3,243,755.09	3,283,871.54	2,526,511.60
Liabilities														
20025 U Current Portion - Lease	8,916.44	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15	7,298.15
20026 U Current Portion - Notes Payable	12,341.51	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63	11,944.63
20027 U Current Portion - Capitalized Lease	5,422.97	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48	5,255.48
20028 U Total Current Notes Payable	25,700.92	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26	24,538.26
20100 U Accounts Payable: Trade	556,661.51	429,806.90	509,535.30	631,011.52	452,219.31	641,649.11	507,658.93	624,652.26	438,944.00	566,167.70	560,990.35	573,501.69	620,153.49	510,498.83
20101 U Accounts Payable: Related Party	135,594.47	93,475.23	94,971.84	91,575.51	78,373.87	103,377.85	86,968.38	200,846.33	133,240.70	107,165.00	41,284.72	49,137.14	45,234.49	1,602.48
20102 U Total Accounts Payable	692,255.98	523,282.13	604,507.14	722,587.03	530,593.18	750,027.96	594,627.31	825,498.59	572,184.70	673,332.70	602,265.07	622,638.83	665,377.98	512,101.29
20200 U Accrued Salaries & Wages	99,523.07	245,580.21	204,121.99	166,433.38	136,238.20	104,276.43	69,037.04	220,433.55	176,460.71	146,637.79	111,116.15	116,593.26	90,171.99	52,322.37
20201 U Accrued Vacation	62,747.42	68,771.77	66,095.86	71,460.86	66,880.09	68,202.12	74,894.11	78,067.82	73,149.76	81,326.00	80,914.95	80,997.97	84,696.27	83,186.11
20202 U Accrued Bonuses	687.50	9,166.63	8,333.30	7,499.97	38,916.64	34,333.31	29,749.98	25,166.65	20,583.32	15,999.99	11,416.66	6,833.33	2,250.00	5,680.00
20203 U Accrued Payroll Paid not in PMX	(516.80)	(4,870.57)	(4,737.75)	(2,832.24)	(2,054.54)	(2,558.44)	(2,154.54)	(2,154.54)	(2,453.24)	(2,598.88)	(3,169.71)	(7,862.32)	(5,228.03)	-
20204 U FUTA Taxes Accrued	905.02	510.20	510.20	510.20	510.20	510.20	510.20	510.20	510.20	510.20	510.20	510.20	510.20	510.20
20205 U SUTA Tax W/H	286.36	163.61	85.33	511.85	(382.36)	(978.50)	-	(1,370.78)	(1,566.92)	(1,851.13)	(2,872.85)	273.26	298.54	-
20225 U Employee Deduct: Flex Med	1,212.27	904.13	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99	1,107.99
20226 U Employee Deduct: Flex Dep	182.00	164.62	1,025.12	1,160.50	(800.00)	(800.00)	300.00	1,093.96	150.00	165.00	695.29	-	-	-
20227 U Total Accrued Compensation	185,026.84	320,390.60	276,238.54	244,234.32	238,818.03	207,474.32	170,651.95	321,236.65	266,321.63	239,681.77	198,007.49	196,775.50	172,188.71	141,188.48
20300 U Taxes & Licenses Accrued	6,814.80	29,712.44	27,962.44	26,212.44	27,082.44	27,082.44	25,332.44	24,452.44	22,702.44	22,522.44	20,772.44	19,022.44	17,267.44	-
20301 U Property Taxes Accrued	111,246.68	219,132.33	209,330.67	201,686.55	191,894.89	182,083.23	172,281.57	162,479.91	152,678.25	142,876.59	133,074.93	123,273.27	113,471.61	111,246.65
20302 U Interest Accrued	3,497.50	3,391.32	3,054.44	3,010.43	3,280.70	4,210.53	3,279.84	3,164.87	3,059.61	2,735.31	2,588.00	2,745.51	3,152.54	2,236.47
20303 U Audit Fees Accrued	10,000.00	8,880.11	8,046.78	8,046.78	6,380.12	6,380.12	7,920.09	10,293.37	13,333.32	12,499.99	11,666.66	10,833.33	10,000.00	11,250.00
20304 U Bad Tax Payable	87,404.67	87,404.67	87,404.67	131,107.01	77,110.80	38,855.40	77,110.80	38,855.40	77,110.80	38,855.40	77,110.80	38,855.40	77,110.80	38,855.40
20305 U ME Reversing Accruals	42,864.59	124,307.16	(142,349.26)	2,152.33	180,782.81	6,583.12	88,116.06	102,298.45	147,176.51	102,133.92	109,798.90	132,172.92	4,622.29	-
20306 U Unclaimed Property	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94	8,755.94
20307 U Other Accrued Expenses	6,200.00	5,780.00	5,780.00	4,790.00	4,320.00	3,850.00	3,300.00	2,750.00	2,200.00	1,650.00	1,100.00	500.00	500.00	500.00
20308 U Total Accrued Liabilities	188,879.51	487,313.97	294,871.35	384,928.15	500,197.70	280,174.68	308,985.94	260,272.42	343,881.41	344,138.60	274,797.56	320,753.35	293,105.50	130,196.44
20309 U Total Current Liabilities	1,073,363.20	1,335,524.96	1,200,215.29	1,376,287.76	1,254,147.17	1,258,164.22	1,093,863.46	1,431,545.93	1,206,796.88	1,381,422.17	1,099,137.34	1,164,178.11	1,149,956.37	783,686.21
20414 U Long Term Portion - Time Clocks	6,192.96	6,782.56	7,222.95	7,661.61	7,988.08	8,477.69	8,967.30	9,399.13	9,850.01	10,296.12	10,766.97	11,192.07	11,979.29	-
20415 U Long Term Portion Capitalized Leases	6,778.31	7,299.18	7,896.60	8,499.27	8,820.34	10,271.08	10,271.08	10,550.79	11,486.94	12,115.07	12,748.03	13,366.12	13,979.29	-
20416 U Bonds Payable	22,232.49	23,629.45	24,619.11	25,609.84	26,599.88	27,585.16	28,570.45	29,557.86	30,543.75	31,548.89	32,627.59	33,574.64	34,574.00	-
20430 U Accounts Receivable LOC-U	666,586.05	683,056.60	598,313.60	569,437.60	633,445.60	598,455.60	669,770.60	643,838.60	643,588.60	562,188.60	598,578.60	556,168.60	670,605.60	510,639.26
20431 U Total Mortgages and Leases	701,198.81	720,761.79	633,052.26	611,208.32	678,843.90	644,769.53	717,551.03	689,656.38	695,457.30	616,948.68	654,721.19	614,301.43	719,158.89	510,639.26
20600 U Patient Trust Liability	26,701.00	21,079.55	18,858.75	20,757.09	21,482.07	16,459.17	21,611.10	19,555.42	16,405.59	18,236.79	17,189.81	21,155.76	22,996.37	56,439.32
20601 U Total Restricted Liabilities	26,701.00	21,079.55	18,858.75	20,757.09	21,482.07	16,459.17	21,611.10	19,555.42	16,405.59	18,236.79	17,189.81	21,155.76	22,996.37	56,439.32
22004 U Cost Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	37,634.36
22005 U Cost Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	31,193.23
22006 U Total Cost Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	68,827.59
TOTAL LIABILITIES	1,801,124.01	2,097,366.30	1,852,126.30	2,008,253.17	1,992,473.14	1,919,402.92	1,832,965.59	2,140,757.73	1,918,663.77	1,916,607.64	1,771,048.34	1,799,635.30	1,892,111.63	1,419,382.38
Equity														
31100 EQ Distribution-Byron DeFor	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,508.10)
31102 EQ Distribution-John O'Brien	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,348.44)
32000 EQ Retained Earnings	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91	1,301,759.91
32001 EQ Retained Earnings	139,897.64	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17	89,886.17
32002 EQ Retained Earnings	1,551,657.55	1,465,046.08	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79
Total OWNERS EQUITY	1,551,657.55	1,465,046.08	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79	1,464,991.79
TOTAL LIABILITIES AND OWNERS EQUITY	3,332,781.56	3,558,412.38	3,337,118.09	3,472,452.76	3,446,070.00	3,371,751.54	3,394,086.61	3,453,005.91	3,457,781.50	3,440,105.04	3,231,080.50	3,243,755.09	3,283,	

Attachment Section B
Contribution to the Orderly Development of
Health Care - B

Comparison of Medicaid Resident Days

Facility	2014 TennCare MCO	2014 All other Medicaid TennCare	2015 TennCare MCO	2015 All other Medicaid TennCare	2016 TennCare MCO	2016 All other Medicaid TennCare	2017* TennCare MCO	2017* All other Medicaid TennCare	2018* TennCare MCO	2018* All other Medicaid TennCare
Soddy Daisy Healthcare Center	0	23836/ (60.1%)	0	22271/35350 (63%)	21128/40118 (52.7%)	4368/40118 (10.9%)	8.68/108.43 (8%)	53.95/108.43 (49.8%)	10.12/105.19 (9.6%)	60.75/105.19 (57.8%)
Soddy Daisy Total		60.1%		63%		63.6%		57.8%		67.4%
Alexian Village Health & Rehab	0	0	0	0	441/38901 (1.13%)	0	No JAR Available	No JAR Available	No JAR Available	No JAR Available
Alexian Village Total		0%		0%		1.13%				
Life Care Center of Hixson	4522/33349 (13.6%)	0	4231 (13.4%)	0	3294/26277 (12.5%)	0	No JAR Available	No JAR Available	No JAR Available	No JAR Available
LCCA Hixson Total		13.6%		13.4%		12.5%				
Life Care Center of Red Bank	0	18528/40111 (46.2%)	0	18528/40111 (46.2%)	22144/40349 (54.9%)	0	No JAR Available	No JAR Available	No JAR Available	No JAR Available
LCCA Red Bank Total		46.2%		46.2%		54.9%				

Source: 2014-2016 JAR Reports (*and Applicant for 2017 and 2018 YTD)

Attachment Section B
Contribution to the Orderly Development of
Health Care - D-1

Board for Licensing Health Care Facilities



State of **Tennessee**

License No. 0000000369

No. Beds 0120

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

SODDY DAISY HEALTHCARE, LLC to conduct

and maintain a Nursing Home SODDY DAISY HEALTHCARE CENTER

Located at 701 SEQUOYAH ROAD, SODDY DAISY

County of HAMILTON, Tennessee.

This license shall expire JULY 07, 2019 *and is subject*

to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State

this 23RD MAY, 2018 *day of*



By James T. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By [Signature]
COMMISSIONER

Proof of Publication



Account #: 100365
Company: BAKER DONELSON BEARMAN
&
Client:
Ad number: 105042
PO#:
Note:

AFFIDAVIT • STATE OF TENNESSEE • HAMILTON COUNTY

Before me personally appeared Jim Stevens, who being duly sworn that he is the Legal Sales Representative of the CHATTANOOGA TIMES FREE PRESS, and that the Legal Ad of which the attached is a true copy, has been published in the above named newspaper and on the corresponding newspaper website on the following dates, to-wit:

Chattanooga Times Free Press: 06/10/18; TimesFreePress.com: 06/10/18.

And that there is due or has been paid the CHATTANOOGA TIMES FREE PRESS for publication the sum of \$233.90. (Includes \$0.00 Affidavit Charge).



Sworn to and subscribed before me this date: 06/11/2018



My Commission Expires 03/07/2021



Chattanooga
Times Free Press

400 EAST 11TH ST
CHATTANOOGA, TN 37403

**NOTIFICATION OF INTENT TO APPLY
FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with TCA § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Soddy Daisy Healthcare Center, an existing licensed skilled nursing home facility, operated by Soddy Daisy Healthcare, LLC, with an ownership type of Tennessee limited liability company and to be managed by Grace Healthcare, LLC dba Grace Healthcare Support Services, intends to file an application for a Certificate of Need for the addition of fourteen (14) Medicare skilled nursing facility beds at the Applicant's existing one-hundred twenty (120) bed nursing home, Soddy Daisy Healthcare Center. Upon completion of this CON project, Soddy Daisy Healthcare Center will have 134 licensed skilled nursing home beds. The existing nursing home is located at 701 Sequoyah Road, Soddy Daisy, Hamilton County, Tennessee 37379. The estimated project cost is \$4,181,753. The Applicant will provide Medicare skilled nursing facility services in the proposed 14 nursing home beds.

The anticipated filing date of the application is June 15, 2018.

The contact person for this project is Aaron Spinks, Director of Business Development of Grace Healthcare, LLC dba Grace Healthcare Support Services, who may be reached at 801 Broad Street, Suite 300, Chattanooga, Tennessee 37402. Mr. Spinks' telephone number is (423) 308-1845 and his e-mail address is aarons@gracehc.com.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development
Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street,
Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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FOR A CERTIFICATE OF NEED**

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State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

August 1, 2018

Aaron Spinks
Grace Healthcare Support Services
801 Broad Street, Suite 300
Chattanooga, TN 37402

RE: **Certificate of Need Application – Soddy Daisy HealthCare, LLC - CN1806-024**

The addition of 14 dually certified beds to the existing 120-bed nursing home (subject to FY 19 125-bed Nursing Home Bed Pool). The applicant is owned by Soddy Daisy Healthcare, LLC. The estimated project cost is \$4,205,798.01.

Dear Mr. Spinks:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health, Division of Policy, Planning, and Assessment for Certificate of Need review. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project began on August 1, 2018. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on October 24, 2018.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill
Executive Director

DATE: August 1, 2018

RE: Certificate of Need Application
Soddy Daisy HealthCare, LLC - CN1806-024

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on August 1, 2018 and end on October 1, 2018.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Aaron Spinks



State of Tennessee
Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243
www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Chattanooga Times Free Press which is a newspaper
 of general circulation in Hamilton, Tennessee, on or before June 10, 2018 for one day.
 (County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

SODDY DAISY HEALTHCARE, LLC nursing home
 (Name of Applicant) (Facility Type-Existing)

owned by: P. Byron DeFoor and Susan DeFoor with an ownership type of limited liability company
 and to be managed by: Grace Healthcare, LLC d/b/a Grace Healthcare Support Services intends to file an application for a Certificate of Need for: The addition of fourteen (14) dual certified nursing home beds to the Applicant's existing one-hundred twenty (120) bed nursing home, Soddy Daisy Healthcare Center, located at 701 Sequoyah Road, Soddy Daisy, Tennessee, 37379, for a one-hundred thirty-four (134) bed nursing home upon completion of the project. The estimated project cost is \$4,181,753. The Applicant will provide skilled nursing facility services in the proposed 14 nursing home beds.

The anticipated date of filing the application is June 15, 2018.

The contact person for this project is Aaron Spinks Director of Business Development
 (Contact Name) (Title)

who may be reached at: Grace Healthcare, LLC 801 Broad Street, Suite 300
 (Company Name) (Address)

Chattanooga Tennessee 37402 423/308-1845
 (City) (State) (Zip Code) (Area Code / Phone Number)

William West, attorney June 8, 2018 bwest@bakerdonelson.com
 (Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1 (Original)

Soddy Daisy
HealthCare, LLC

CN1806-024

July 17, 2018

10:25 A.M.

SODDY DAISY HEALTHCARE, LLC
801 Broad Street, Suite 300
Chattanooga, TN 37402

July 16, 2018

VIA FED EX

Mr. Phillip Earhart
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1806-024
Soddy Daisy Healthcare, LLC

Dear Mr. Earhart:

Set forth below are the responses of Soddy Daisy Healthcare, LLC, the Applicant in Certificate of Need Application CN1806-024, to the request for information dated June 22, 2018. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section A, Executive Summary, Rationale for Approval B.1

The applicant notes 2 of the other 3 nursing homes in the Hixson Market do not accept Medicaid. Please identify those two nursing homes.

RESPONSE:

As set forth in the original application, there are 2 nursing homes in the Hixson Market, Alexian Village and Life Care Center of Hixson ("LCCA Hixson"), that accept a very small amount of Medicaid.

In addition to evidence set forth in Attachment Section B - Contribution to the Orderly Development of Healthcare - B in the original application, which focuses on residents spending less than 100 days in the Facility, this fact is also clear from financial data set forth in the JAR Reports shows how little Medicaid is accepted at Alexian Village and LCCA Hixson. See **Supplement Attachment Section A-Executive Summary**.

By way of summary, the proportion of Medicaid Revenue as a percent of Government receivables for Alexian Village, LCCA Hixson and the Applicant is as follows:

Facility	Calculation [Medicaid/TennCare MCO / Total Government]	Medicaid as % of Government Revenue
Life Care Center of Hixson	\$672,095 / \$8,988,577	7.4%
Alexian Village	\$3,730 / \$4,407,440	.08%
Soddy Daisy Healthcare Center	\$4,001,714 / \$8,080,021	49.52%

As is clear from this information, the Applicant is one of only two facilities in the Hixon Market (the other being Life Care Center of Red Bank) that routinely accepts Medicaid.

2. Section A, Project Details, Item 6.A. Legal Interest in Site

The lease documents are noted. However, please clarify the reason Crown Master Landlord, LLC is listed on the master sublease but is not listed in the lease chart.

RESPONSE: Crown Master Landlord, LLC assigned its interest in the Master Sublease and Security Agreement to Eclipse Grace Master Landlord, LLC pursuant to that certain Assignment and Assumption Agreement - Operating Lease (Grace Multi-State) dated May 7, 2014.

Please see revised chart in **Supplement Attachment Section A-6A** along with a document referencing such assignment. The applicant, as the Subtenant, does not have a copy of the assignment documentation.

In addition, please explain the relation between the Master Lease and Sublease and the entities involved in both documents.

RESPONSE: Eclipse Grace Sequoyah Road, LLC (the "Prime Landlord") and Eclipse Grace Master Landlord, LLC, as assignee of Crown Master Landlord, LLC (the "Landlord" and together with the Prime Landlord, the "Landlord Parties"), are unrelated third party entities affiliated with Formation Capital ("Formation") based in Atlanta, Georgia. Established in 1999, Formation Capital is a private investment management firm focused on seniors housing and care, post-acute and healthcare real estate investments. See <http://formationcapital.com/>.

Because the Master Lease covers 7 facilities (the "Portfolio"), the Landlord Parties required the tenant parties to utilize a master tenant structure. The master tenant is Grace Master Tenant, LLC, which subleases the facilities to 7 different operators, including the Applicant. Grace Master Tenant, LLC and the Applicant (together, the "Tenant Parties") have affiliated owners; however none of the Tenant Parties are related to or affiliated with the landlord entities.

3. Section A, Project Details, Item 6B-(1) Plot Plan and 6B-(2) Floor Plan

Please submit a revised plot plan that clearly includes the size of site (in acres).

RESPONSE: Please see **Supplemental Attachment Section A-6B-1** which shows the size of the site in acres.

Please complete the following chart:

Bed Mix	Private Beds	%Total	Semi-Private Beds	% Total	Ward Beds	% Total
Current	8	7%	112	93%	0	0%
Proposed	36	27%	98	73%	0	0%

4. Section A, Project Details, Item 9. Medicaid/TennCare Participation

Please clarify the reason the applicant is not contracted with TennCare Select.

RESPONSE: The Facility contracts with all three MCOs in the State of Tennessee. These contracts include (i) the Blue Cross Blue Shield TennCare Select product and (ii) Amerigroup's TennCare non-Choices coverage.

5. Section B, Need, Item A

Nursing Home Services Specific Criteria:

Item 1 Determination of Need

Please provide a copy of the latest standardized TDH bed need chart that indicates the results of the nursing home need formula for each county.

RESPONSE: The latest standardized TDH bed need chart is attached as **Supplement Attachment Section B - Need - A**. It is entitled "NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS, BY COUNTY AND STATE TOTAL, 2020 (Based on TN_CoPopProj_2017 UTCBER Projection Series).

Item 8: Encouraging Facility Modernization

Please indicate if the proposed beds will improve the patient-centered nature of the facility by adding home-like features such as private rooms and/or home like amenities.

RESPONSE: The new wing will accommodate 21 private rooms with private bathrooms (including showers in each bathroom), a common living/dining area, a satellite nurse station and new and enlarged physical and occupational therapy suites. The layout of the

addition also creates a new internal courtyard adjacent to the existing facility. The Applicant believes the feature of private bathrooms with showers in private rooms increases the home like nature of the Facility.

What is the age of the existing 120 bed nursing home facility? When was the last expansion or renovation?

RESPONSE: The existing building was built in 1998. No renovations or expansions have been undertaken since 1998.

Please clarify if the square footage of the rooms in the new addition will be larger than existing rooms.

RESPONSE: There are two different room sizes in the existing building, approximately 249 square feet and 271 square feet, including the bathrooms. The room sizes in the new addition are larger at approximately 263 square feet and 296 square feet, including the bathrooms.

Item 11: Access

Please clarify if there is limited access in Hamilton County to services that enable patients to stay in a less restrictive and less costly environment rather than a nursing home.

RESPONSE: Hamilton County participates in the TennCare Community Choices program which allows qualified patients to receive a caregiver for a determined amount of hours per week at home. Hamilton County also participates in the Pace Program which elderly individuals can utilize like an adult daycare for up to twelve (12) hours per day. The Pace Program provides meals and medical care from in-house doctors.

Neither the TennCare Community Choices program nor the Pace Program provides help to frail and elderly patients who require residential skilled nursing services. As set forth in the original application, the net bed need in 2019 will be 906 which will increase to a need of 1,114 beds in 2022.

Additionally, the Tennessee Department of Health Bed Need chart included in this supplement as **Supplement Attachment Section B - Need - A** indicates an even higher need. The TDH chart projects a nursing home bed need in Hamilton County of 3,135 in 2020.

Item 12: Quality Control and Monitoring

The current rating of the applicant by CMS' Nursing Home Compare is noted. However, please clarify the reason(s) the applicant received a 2 star rating for quality measures and a 3 for staffing.

RESPONSE:

Quality Measures - Over the course of the last year the Facility has experienced a higher number of behavior based admissions resulting in the increased use of antipsychotic medication. The Facility has also recently admitted more residents with multiple skin and wound issues. Unfortunately, caring for residents with such issues can have a negative impact on a provider's quality measures. The Applicant's desire is to be open to provide care to all of the individuals living in Hamilton County. Accordingly, the Facility does not turn away individuals based on the impact they may have on quality indicators.

Staffing - The Applicant consistently strives to ensure the needs of the residents are met and that the Facility's quality of care remains at the highest level. The current staffing levels at the Facility are adequate to meet the needs of the Facility's short-term and long-term populations. However, with the new addition to the physical plant and an increase in the number of nursing home beds, the population mix will shift towards higher acuity residents requiring a higher level of nursing care which will result in a higher staffing rating in the future.

6. Section B, Need, Item D.1 Demographics

The demographic tables on pages 23 and 24 are noted. However, in the table on page 22 the Hixson Market is listed as 29.5% with the table on page 23 listing the Hixson market as 28.5%. Please clarify.

RESPONSE: The 29.5% number on page 22 is a typo. The correct percentage of the market is 28.5%. Please see the corrected table below:

Facility		Total Beds
<i>North of the Tennessee River (Hixson Market)</i>		
Alexian Village Health & Rehab		114
Life Care Center of Hixson		108
Life Care Center of Red Bank		148
Soddy Daisy Healthcare Center		120
Sub-Total:		490 (28.5%)
<i>South of the Tennessee River (Chattanooga Market)</i>		
Life Care Center of Collegedale		124
Life Care Center of East Ridge		108
Life Care Center of Ooltewah		120
NHC Healthcare		200
St. Barnabas at Siskin Hospital		108
The Health Center at Standifer Place		444
The Stratford House		127
Sub-Total:		1,231 (71.5%)
TOTAL HAMILTON COUNTY BEDS:		1,721

Please complete the following table for licensed nursing homes located in Hamilton County:

Nursing Home	2016 Lic.'d Beds	2014 Patient Days	2015 Patient Days	2016 Patient Days	'14-'16% Change	2014 % Occ.	2015 % Occ.	2016 % Occ.
Soddy Daisy Health Care Center	120	39,677	35,350	40,118	1.1%	90.6%	80.7%	91.6%
Alexian Village Health & Rehab	114	36019	36374	38901	8%	86.6%	87.4%	93.5%
Life Care Center of Hixson	108	33349	31635	26277	-21.2%	87.9%	83.3%	66.7%
Life Care Center of Red Bank	148	40111	40111	40349	.59%	74.3%	74.3%	74.7%
Life Care Center of Collegedale	124	37801	41093	39770	5.2%	83.5%	90.8%	87.9%
Life Care Center of East Ridge	108	JAR not accurate; new facility in 2015						
Life Care Center of Ooltewah	120	No Jar (too new)		23343	No JAR (too new)			53.3%
NHC Healthcare	200	62619	65775	66369	6%	87.5%	91.9%	92.8%
Woodland Terrace fka Stratford House (Consulate)	127	43,953	38221	No Data in JAR	No Data in JAR	94.8%	82.45%	No Data in JAR
The Health Center at Standifer Place	444	141220	144996	144329	2.2%	87.1%	89.5%	89.1%
St. Barnabas at Siskin	108	34213	27444/31390*	25729	-24.8%	86.7%	87.42%	65.3%
Total	1,721							

Source: 2014 - 2016 Tennessee Joint Annual Reports

*2015 JAR for St. Barnabas at Siskin reflects 86 Beds

Please complete the following chart for Hamilton County nursing homes:

Hamilton County Nursing Home Utilization –Most Recent JAR

Facility	Lic. Beds	SNF Beds-Medicare	SNF Beds-Medicare/Medicaid	Other Lic. Beds	SNF Medicare ADC	SNF Medicaid ADC	SNF Other ADC	Non-Skilled Medicaid ADC	Non-Skilled All Other Payor ADC	Total ADC
Soddy Daisy Health Care Center	120	120	120	0	22.69	0	0	69.85	17.37	109.91
Alexian Village	114	114	114	0	19.37	0	.09	1.21	85.90	106.6
Life Care Center of Hixson	108	108	108	0	52.4	0	1.32	9.02	9.21	71.99
Life Care Center of Red Bank	148	148	148	0	29.22	.14	1.62	60.53	19.04	110.55
Life Care Center of Collegedale	124	124	0	0	24.79	.54	1.19	60.14	22.3	108.96
Life Care Center of East Ridge	108	JAR data not accurate								
Life Care Center of Ooltewah	120	120	0	0	49.38	0	2.23	0	12.35	63.95
NHC Healthcare	200	158	158	42 Medicaid only	36.8	16.95	9.5	105.47	13.12	181.83
Woodland Terrace fka Stratford House	127	No data in JAR								
The Health Center at Standifer Place	444	444	319	0	40.39	95.99	5.96	197.97	55.11	395.42
St. Barnabas at Siskin	108	108	108	0	29.55	.08	4.48	34.52	1.87	70.49
Total	1,721									

**Source: 2016 Joint Annual Reports*

Mr. Phillip Earhart
 July 16, 2018
 Page 8

7. Section C, Need, Item F.

Your response is noted. Please complete the following tables:

Nursing Home Utilization-Year One (2019)

Proposed 14 beds -Projected Utilization

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	14	14	9	0	1	4	14	100%
2	14	14	9	0	1	4	14	100%

** Includes dually-certified beds*

134 Existing Bed Facility-Projected Utilization-Year One (2019)

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	134	134	30	0	11	86	127	94.8%
2	134	134	30	0	11	86	127	94.8%

** Includes dually-certified beds*

8. Section B, Economic Feasibility, Item C - Historical Data Chart

Please clarify why there was no charity care in 2015 and 2016. Also, please explain the wide differences in bad debt (\$9,760 in 2016 and \$109,420 in 2017).

RESPONSE: No charity care was provided in 2015 or 2016 due to the fact that the Applicant, a for profit entity, is not required to provide charity care.

With respect to the bad debt, in 2017 the Facility's business office manager failed to complete and follow up on Pre-Admission Evaluations ("PAEs") which must be completed to determine qualification for Medicaid/TennCare. That failure led to a higher than normal amount of disallowed claims which the Applicant had to write off as bad debt.

9. Section B, Economic Feasibility, Item D - Projected Data Chart

The Projected Data Charts for the Total Facility is noted. However, there appears to be a typo in calculation of Year 2019 "Other Expenses" on page 33 of the application. It appears the total should be \$3,927,423. If needed, please correct and submit a replacement page 33 (labeled as 33R).

RESPONSE: Please see corrected version attached as page 33R.

Please explain why there are management fees to non-affiliates in the “Project Only” Projected Data Chart, but not in the “Total Facility” Projected Data Chart.

RESPONSE: The management fees are all to affiliates. The chart had an error. Please see corrected version as page 34R.

ADDITIONAL NOTE TO REVIEWERS REGARDING PAGES 34R AND 35R:

The Applicant noticed an error in the projected data based on the methodology used to determine the “project only” related revenue and expense. Applicant took the proforma without the 14 bed request and the proforma with the 14 bed request and subtracted the two in order to come up with the variance which would be project related revenue and expense. The error arose as the proforma with the 14 bed addition increased the overall occupancy level which yielded an increase in occupied beds by 16 based on the 14 bed request (i.e., occupying other already licensed beds that were not occupied in the original proforma). This error has now been corrected in 34R and 35R.

The management fees in the Projected Data Chart (Total Facility) are noted. However, the fees appear to not match the Management Agreement (Exhibit A) which states fees shall be equal to 4% of the Project Revenues (after contractual allowances) from all sources. Please clarify.

RESPONSE: The fee in the Support Services Agreement is 4% of the Project Revenues (after contractual allowances) from all sources. In addition to the Support Services Agreement, the Applicant also pays a fee of 1% of the Project Revenues (after contractual allowances) from all sources to an affiliate for clinical consulting. The Clinical Consulting Agreement is attached hereto as **Supplement Attachment Section A-5**.

10. Section B, Economic Feasibility, Item E

The table of the total facilities average gross charge, average deduction from operating revenue, and average net charge is noted. However, please identify the project’s average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project (14 beds). Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	352.12	388.49	793.09	877.02	125.8%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	97.16	121.58	395.84	444.08	265.3%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	254.86	266.91	397.25	432.94	62.2%

11. Section B, Economic Feasibility, Item F

Provide copies of the audited balance sheet and income statement from the most recent reporting period of the signature healthcare and the most recent financial statements with accompanying notes, if applicable.

RESPONSE: Due to the fact that the Facility is part of the Portfolio with Formation as set forth in question No. 2 above, the Facility does not have stand-alone audited financials, but rather is audited as a part of the entire Portfolio.

12. Section B, Economic Feasibility, Item G

The applicant payor mix table for the total facility is noted. However, please use the total gross operating revenue as the total. Please revise the total facility payor mix table and also provide a payor mix table for the additional 14 beds.

Applicant's Projected Payor Mix, Year 1 (Total Facility)

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$13,490,422	64.5%
TennCare/Medicaid	\$5,689,637	27.2%
Commercial/Other Managed Care	--	--
Self-Pay	\$1,314,000	6.3%
Charity Care	--	--
Other (Specify) Hospice, Misc. Revenue	\$422,833	2.0%
Total	\$20,916,892	100%

Applicant's Projected Payor Mix (Project Only-14 beds), Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$3,701,402	91.3%
TennCare/Medicaid	\$175,066	4.3%
Commercial/Other Managed Care	--	--
Self-Pay	\$175,200	4.3%
Charity Care	--	--
Other (Specify) Hospice, Misc. Revenue	\$1,024	<1%
Total	\$4,052,692	100%

13. Section B, Economic Feasibility, Item H

The projected staffing table is noted. However, there are calculation errors in the existing FTE and Projected FTE columns. Please correct and submit a replacement page 39 (labeled as 39R).

RESPONSE: The prior version contained errors due to rounding in a separate spreadsheet. Please see corrected version attached as 39R.

14. Section B, Orderly Development, Item D (1) and D (2)

The applicant notes there were no clinical deficiencies as a result of the latest survey. Please provide a letter from the appropriate licensing agency that documents the statement.

RESPONSE: Please see **Supplement Attachment Section B - Contribution to the Orderly Development of Health Care - D-1**. Please note that to the extent the Facility was cited for deficiencies, those were not clinical deficiencies but rather Life Safety issues.

15. Section B. Quality Measures

Please discuss the applicant's commitment to the proposal in meeting appropriate quality standards by addressing each of the following factors:

- (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

RESPONSE: The Applicant confirms its commitment to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application.

- (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

RESPONSE: The Applicant confirms its commitment to maintaining staffing comparable to the staffing chart presented in its CON application.

- (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

RESPONSE: The Applicant confirms its commitment to maintaining all applicable state licenses in good standing.

Mr. Phillip Earhart
July 16, 2018
Page 12

- (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

RESPONSE: The Applicant confirms it will maintain TennCare and Medicare certifications.

- (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

RESPONSE: The Applicant confirms that the Facility has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application.

- (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

RESPONSE: The Applicant confirms that the Facility has not been decertified within the prior three years.

- (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

RESPONSE: The Applicant confirms that it will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

- (h) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and

Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives.

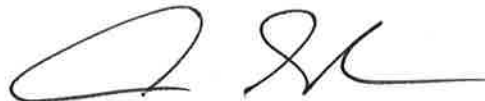
RESPONSE: The Applicant confirms that it will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve. The Applicant completes quarterly QAPI reviews to review quality measures in order to provide the highest level of resident care. The Applicant and its support services company frequently review CMS reporting data for nursing homes nationwide to ensure the Facility is performing at the highest level.

16. Project Completion Forecast Chart

The Project Completion Forecast Chart is noted. However, the chart indicates the project construction began in October 2017 and 40% of the project construction will be completed by August 2018. Please clarify.

RESPONSE: The Applicant began construction on the new wing in October of 2017. The addition will allow the Facility to have more private rooms. While the Applicant is hopeful it will be successful in obtaining additional skilled nursing beds with this application, the Applicant made the decision to commence with the expansion before filing its application for additional beds. The Applicant's goal is to provide healthcare to a growing population that is currently underserved. Both the expansion of the existing facility as well as an increase in skilled nursing beds will help make that goal a reality.

Sincerely,

A handwritten signature in black ink, appearing to read 'AS' or similar initials, followed by a long horizontal stroke.

Aaron Spinks

Attachments

CORRECTED PAGES

	Year 1	Year 2
NET INCOME (LOSS)	\$850,990	\$984,810
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$25,485	\$25,065
2. Annual Capital Expenditure	67,000	67,000
Total Other Deductions	\$92,485	\$92,065
NET BALANCE	\$758,505	\$892,745
DEPRECIATION	\$84,895	\$84,895
FREE CASH FLOW (Net Balance + Depreciation)	\$843,400	\$977,640

☒ Total Facility

☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

	Year 1	Year 2
<u>OTHER EXPENSES CATEGORIES</u>		
1. Contract Therapy	\$1,719,767	\$1,719,767
2. Purchased Services/ Professional Fees	401,888	392,764
3. Major Purchases	33,500	33,500
4. Utilities	259,687	295,535
5. Health and Related Insurance/ Worker's Comp	216,199	228,219
6. Property and General Liability Insurance	219,805	230,214
7. Taxes and Licenses	781,560	805,972
8. Other Miscellaneous	295,017	297,889
Total Other Expenses	\$3,927,423	\$4,003,860

☐ Total Facility
☒ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	5,110	5,110
B. Revenue from Services to Patients		
1. Inpatient Services	\$4,051,667	\$4,480,542
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify) Vending, Beauty/Barber, Rebates	1,024	1,024
Gross Operating Revenue	\$4,052,692	\$4,481,567
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$2,012,745	\$2,258,329
2. Provision for Charity Care		
3. Provisions for Bad Debt	9,996	10,894
Total Deductions	\$2,022,740	\$2,269,223
NET OPERATING REVENUE	\$2,029,951	\$2,212,343
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	432,734	433,462
b. Non-Patient Care	239,398	240,050
2. Physician's Salaries and Wages		
3. Supplies	229,489	240,022
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	211,674	237,075
5. Management Fees:		
a. Paid to Affiliates	101,498	110,617
b. Paid to Non-Affiliates		
6. Other Operating Expenses	699,054	749,022
Total Operating Expenses	\$1,913,847	\$2,010,249
E. Earnings Before Interest, Taxes and Depreciation	\$116,104	\$202,094
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	11,280	11,280
3. Interest		
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	\$11,280	\$11,280
NET INCOME (LOSS)	\$104,824	\$190,814
<i>Chart Continues Onto Next Page</i>		

Supplemental #1**July 17, 2018****10:25 A.M.**

	Year 1	Year 2
NET INCOME (LOSS)	\$104,824	\$190,814
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment		
2. Annual Capital Expenditure	7,000	7,000
Total Other Deductions	\$7,000	\$7,000
NET BALANCE	\$97,824	\$183,814
DEPRECIATION	\$11,280	\$11,280
FREE CASH FLOW (Net Balance + Depreciation)	\$109,104	\$195,094

☐ Total Facility
☒ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

	Year 1	Year 2
<u>OTHER EXPENSES CATEGORIES</u>		
1. Contract Therapy	\$521,737	\$521,737
2. Purchased Services/ Professional Fees	15,624	4,815
3. Major Purchases	21,500	21,500
4. Utilities	29,468	63,037
5. Health and Related Insurance/ Worker's Comp	4,800	13,351
6. Property and General Liability Insurance	1,857	1,985
7. Taxes and Licenses	104,068	122,597
Total Other Expenses	\$699,054	\$749,022

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
RN	6.7	6.2	26.00	26.88
LPN	20.7	23.6	12.00	18.50
CNA	39.1	53.5	12.00	11.98
Total Direct Patient Care Positions	66.5	82.3	16.21	15.51
b) Non-Patient Care Positions				
Activity Director	1.0	1.0	21.50	20.28
Activity Staff	2.1	3.0	14.85	12.85
Business Office Manager	0.8	1.0	26.25	24.46
Business Office Staff	2.3	2.9	11.33	12.33
Administrator	1.0	1.0	52.88	48.98
Medical Supply Staff	1.0	1.0	16.00	18.52
Dietary Director	1.0	1.0	24.51	20.85
Dietary Staff	10.0	11.4	10.03	9.82
Housekeeping Director	1.0	1.0	19.00	14.36
Housekeeping Staff	7.1	7.9	10.16	9.27
Human Resource Director	1.0	1.0	15.00	18.16
Laundry Staff	2.3	2.8	9.41	9.45
Admissions	0.2	1.5	13.00	12.33
Director of Marketing	1.0	1.0	39.23	45.32
Medical Records Staff	1.0	1.0	15.88	16.24
Asst. DON	1.3	1.0	34.75	32.33
Director of Nursing	1.3	1.0	45.67	39.36
MDS	1.7	4.0	30.50	25.71
QA	0.2	1.0	33.48	33.30
Scheduler	0.2	1.0	27.00	26.88
Maintenance Director	1.0	1.0	25.50	20.80
Maintenance Staff	1.1	2.0	12.00	10.87
Social Services Director	1.0	1.0	27.50	24.32
Social Services Staff	1.9	2.0	17.50	12.85
Total Non-Patient Care Positions	42.5	52.5	17.53	16.23
Total Employees (A+B)	109.0	135.8		
c) Contractual Staff	12.9	16.7		
Total Staff (a+b+c)	121.9	152.5		

INDEX OF SUPPLEMENTAL ATTACHMENTS

Attachment Section A-Executive Summary	Comparison of Medicaid Revenue
Attachment Section A-5	Copy of Clinical Consulting Agreement
Attachment Section A-4A	Signed version of Applicant's Operating Agreement [prior version submitted was unsigned]
Attachment Section A-6A	Lease Documents
Attachment Section A-6B-1	Copy of Site's Plot Plan (including acreage)
Attachment Section B - Need - A	TDH Bed Need Chart
Attachment Section B - Contribution to the Orderly Development of Health Care - D-1	Facility's 2567 showing no clinical deficiencies

Attachment Section A-Executive Summary

Comparison of Medicaid Revenue

Supplemental #1**July 17, 2018****10:25 A.M.**

Net Patient Revenue			
Payor	Life Care Center of Hixson	Alexian Village	Soddy Daisy Healthcare Center
Medicare Advantage	\$1,050,740	\$532,093	\$1,098,887
All other Medicare	\$7,193,565	\$2,263,180	\$2,979,420
TennCare MCO	\$0	\$3,730	\$0
All other Medicaid/TennCare	\$672,095	\$0	\$4,001,714
VA Contract	\$3,609	\$0	\$0
Other Government	\$68,568	\$1,635,437	\$0
Total Government	\$8,988,577	\$4,407,440	\$8,080,021
Private (Self-Pay)	542,033	\$2,888,032	\$1,328,297
LTC Insurance	\$1,050,740	\$497,607	\$0
Other Nongovernment	\$0	\$0	\$763,268
Total Non-government	\$1,592,773	3,385,639	\$2,091,565
TOTAL	\$10,581,350	\$7,793,079	\$10,171,586

Source: 2016 Joint Annual Reports

Attachment Section A-4A

Signed version of Operating Agreement for
Soddy Daisy Healthcare, LLC, the Applicant

**AMENDED AND RESTATED OPERATING AGREEMENT
OF
SODDY DAISY HEALTHCARE, LLC**

THIS AMENDED AND RESTATED OPERATING AGREEMENT OF SODDY DAISY HEALTHCARE, LLC, a limited liability company organized pursuant to the Tennessee Revised Limited Liability Company Act, shall be effective as of May 1, 2018, by and among the Persons executing this Amended and Restated Operating Agreement as Members. This Amended and Restated Operating Agreement shall replace and supersede any prior Operating Agreement of the Company.

**ARTICLE I.
DEFINITIONS**

The following terms used in this Amended and Restated Operating Agreement shall have the following meanings unless otherwise expressly provided herein:

Section 1.1 “*Act*” means the Tennessee Revised Limited Liability Company Act, Tenn. Code Ann. § 48-249-101, *et seq.*, as amended from time to time, and any successor thereto.

Section 1.2 “*Affiliate*” means, with respect to any Person, (a) any Person directly or indirectly controlling, controlled by, or under common control with such Person, (b) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (c) any member, manager, officer, director or general partner of such Person, or (d) any Person who is a member, manager, officer, director, general partner, trustee, or a holder of ten percent (10%) or more of the voting interests of any Person described in clauses (a) through (c) of this sentence. For purposes of this definition, the term “controls,” “is controlled by,” or “is under common control with” means the possession, direct or indirect, of the power to direct or cause the direction of the management policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Section 1.3 “*Articles*” means the Articles of Organization of the Company, as amended from time to time.

Section 1.4 “*Business Day*” shall mean any day other than Saturday, Sunday or any legal holiday observed in Tennessee.

Section 1.5 “*Capital Account*” means the account maintained with respect to a Member determined in accordance with Article VI.

Section 1.6 “*Capital Contribution*” means any contribution of Property or services or the obligation to contribute Property or services made by or on behalf of a Member.

Section 1.7 “*Code*” means the Internal Revenue Code of 1986, as amended, or any successor thereto.

Section 1.8 “*Company*” means Soddy Daisy Healthcare, LLC, a Tennessee limited liability company.

Section 1.9 “*Company Minimum Gain*” means an amount determined by first computing for each Company Nonrecourse Liability any gain the Company would realize if it Transferred the Company Property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Company Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any Taxable Year, the net increase or decrease in Company Minimum Gain is determined by comparing the Company Minimum Gain on the last day of the immediately preceding Taxable Year with the Company Minimum Gain on the last day of the current Taxable Year. Notwithstanding any provision to the contrary contained herein, Company Minimum Gain, and increases and decreases in Company Minimum Gain, are intended to be computed in accordance with Section 704 of the Code and the Regulations issued thereunder, as the same may be issued and interpreted from time to time.

Section 1.10 “*Company Nonrecourse Liability*” means any debt or obligation of the Company to the extent that no Member or Related Person bears the economic risk of loss (as defined in Section 1.752-2 of the Regulations) with respect to the liability.

Section 1.11 “*Company Property*” means any Property owned by the Company.

Section 1.12 “*Distribution*” means a transfer of Property made by the Company to a Member on account of such Member’s Financial Rights as described in Article VII.

Section 1.13 “*Electronic Transmission*” has the meaning set forth in § 48-249-405(c)(2) of the Act. Except as otherwise provided in this Operating Agreement or the Act, any Notice, consent, action or approval required or permitted to be given may be transmitted by Electronic Transmission and shall be deemed to be written and signed for purposes of any requirement that such Notice, consent, action or approval be written and signed by the Persons or Entities required or permitted to deliver the same.

Section 1.14 “*Entity*” has the meaning set forth in § 48-249-102(9) of the Act.

Section 1.15 “*Financial Rights*” has the meaning set forth in § 48-249-102(11) of the Act. The Financial Rights shall be expressed as a percentage, with the initial percentages being set forth on Exhibit A attached hereto.

Section 1.16 “*Governance Rights*” has the meaning set forth in § 48-249-102(13) of the Act. The Governance Rights shall be expressed as a percentage, with the initial percentages being set forth on Exhibit A attached hereto.

Section 1.17 “*Initial Capital Contribution*” means the initial Capital Contribution agreed to be made by the Members as described in Section 6.1 and set forth on Exhibit A.

Section 1.18 “*Member*” means any Person holding Membership Interests.

Section 1.19 “Member Minimum Gain” means an amount determined by first computing for each Member Nonrecourse Liability any gain the Company would realize if it disposed of the Company Property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Member Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any Taxable Year, the net increase or decrease in Member Minimum Gain is determined by comparing the Member Minimum Gain on the last day of the immediately preceding Taxable Year with the Member Minimum Gain on the last day of the current Taxable Year. Notwithstanding any provision to the contrary contained herein, Member Minimum Gain and increases and decreases in Member Minimum Gain are intended to be computed in accordance with Section 704 of the Code and the Regulations issued thereunder, as the same may be issued and interpreted from time to time.

Section 1.20 “Member Nonrecourse Deductions” means the net increase during the Taxable Year, if any, in Member Minimum Gain, reduced (but not below zero) by any distribution of proceeds that are attributable to a Member Nonrecourse Liability and allocable to an increase in such Member Minimum Gain under Section 1.704-2(i) of the Regulations.

Section 1.21 “Member Nonrecourse Liability” means any debt or obligation of the Company to the extent the liability is nonrecourse under state law, and on which a Member or Related Person bears the economic risk of loss under Section 1.752-2 of the Regulations because, for example, the Member or Related Person is the creditor or a guarantor.

Section 1.22 “Membership Interest” has the meaning set forth in § 48-249-102(22) of the Act.

Section 1.23 “Net Cash Receipts” means the gross cash proceeds from the operation of the Company’s business less the portion thereof designated by the Members as reserves for or to pay the Company’s expenses, debt payments and capital expenditures. “Net Cash Receipts” shall include any new cash proceeds from the disposition of Company Property and from the refinancing of indebtedness of the Company, shall be increased by any reduction of reserves previously established by the Members and shall not be reduced by depreciation, cost recovery, amortization or similar noncash deductions. Loans from Members shall only be included in Net Cash Receipts by affirmative vote of a majority of the Membership Interests.

Section 1.24 “Notice” means a written communication. Notice to the Company shall be considered given when mailed by first class mail postage prepaid addressed to any Officer in care of the Company at the address of the Principal Office, or, if given by Electronic Transmission, shall be considered given on the date and at the time of transmission thereof provided that there exists proof of the Company's receipt thereof. Notice to a Member shall be considered given when mailed by first class mail postage prepaid addressed to the Member at that Member’s address as reflected in the records of the Company unless the Member has given the Company a Notice of a different address or, if given by Electronic Transmission, shall be considered given on the date and at the time of transmission thereof, provided that there exists proof of the Member's receipt thereof. Notice shall also be considered given as provided in this Operating Agreement and in the Act.

Section 1.25 “*Officers*” means the officers of the Company.

Section 1.26 “*Operating Agreement*” means this Amended and Restated Operating Agreement including all amendments hereto adopted in accordance with the term hereof and the Act.

Section 1.27 “*Partnership Representative*” shall be, pursuant to Code Section 6223(A), the person designated in Section 8.2.

Section 1.28 “*Person*” shall include an individual or any Entity.

Section 1.29 “*Principal Office*” means the principal executive office of the Company designated in Section 2.3.

Section 1.30 “*Profits*” and “*Losses*” mean, for each fiscal year or other allocation period, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses hereunder shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses hereunder shall be subtracted from such taxable income or loss;

(c) In the event the value of any Company asset is adjusted pursuant to the Code, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of a Company asset with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the fair market value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its fair market value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account depreciation for such fiscal year or other period computed in accordance with the definition of depreciation contained herein;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 734(b) or 743(b) is required by Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member’s interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment

increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision herein, any items, which are specially allocated pursuant to Sections 7.2, 7.3, 7.4 or 7.5 hereof, shall not be taken into account in computing Profits or Losses. The amount of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 7.2, 7.3, 7.4 or 7.5 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (a) through (g) of this Section.

Section 1.31 “Property” means any property, whether real, personal or mixed, tangible or intangible, including money and any legal or equitable interest in such property, but excluding services and promises to perform services in the future.

Section 1.32 “Regulations” means the permanent, temporary, proposed, or proposed and temporary regulations issued by the Department of the Treasury that are promulgated under the Code as amended.

Section 1.33 “Related Person” means a Person having a relationship to a Member that is described in Section 1.752-4(b) of the Regulations.

Section 1.34 “Securities Acts” means the Securities Act of 1933, the Tennessee securities laws or the securities laws of any other state.

Section 1.35 “Taxable Year” means the taxable year of the Company as determined pursuant to Section 706 of the Code.

Section 1.36 “Tax Distributions” has the meaning set forth in Section 7.8.

Section 1.37 “Taxing Jurisdiction” means the taxing jurisdiction of the Federal government and of any state, local, or foreign government that collects tax, interest or penalties, however designated, on any Member’s share of the income or gain attributable to the Company.

Section 1.38 “Transfer” means any sale, assignment, transfer, gift, devise, exchange, mortgage, pledge, grant, hypothecation, or other transfer, absolute or as security or encumbrance (including transfers by operation of law) and may be used as a noun or a verb.

ARTICLE II.

FORMATION AND BUSINESS OF COMPANY

Section 2.1 Organization. The Company, pursuant to the provisions of the Act, is a member-managed limited liability company. The Company shall be treated as a partnership for state and federal tax purposes.

Section 2.2 Registered Agent and Office. The registered agent for the service of process and the registered office shall be as reflected in the Articles. The Members may change the registered agent or office by authorizing appropriate filings with the Secretary of State. In

the event the registered agent ceases to act as such for any reason or the location of the registered office shall change, the Officers shall promptly designate a replacement registered agent or file a Notice of Change of Address as the case may be.

Section 2.3 Principal Office. The Principal Office of the Company is located at that location reflected in the Articles. The Company may locate its Principal Executive Office at any other place or places as the Members may from time to time deem advisable.

Section 2.4 Permitted Businesses. The business of the Company shall be to accomplish any lawful business whatsoever, and to exercise all powers necessary to or reasonably connected with the Company's business which may be legally exercised by limited liability companies under the Act or under the laws of any jurisdiction in which the Company may conduct its business.

Section 2.5 Information Regarding Members. Exhibit A contains the identity of all of the Members, their addresses for notice purposes, their initial Capital Contributions and their percentage Financial Rights and Governance Rights.

ARTICLE III.

MEMBER MEETINGS

Section 3.1 Meetings. Neither regular nor special meetings of the Members shall be required in order to conduct the business and affairs of the Company or take any action with respect thereto; provided, however, that meetings of the Members may be called for any purpose or purposes using the procedures contained in this Article III by any Officer or Member.

Section 3.2 Place of Meetings. Member meetings shall be held at the Principal Office or at any other place, within or without the State of Tennessee, as the Members may from time to time elect.

Section 3.3 Notice Requirements. Notice of meetings shall be in writing, unless oral notice is reasonable under the circumstances, and if in writing may be communicated in person, by facsimile, electronic mail or other form of Electronic Transmission. The Notice must state the place, day and hour of the meeting and the purpose or purposes for which the meeting is called. Except as permitted by Section 3.7, Notice shall be given to each Member entitled to vote at the meeting. Written notice is effective at the earliest of the following: (a) when received or when delivered to the addressee's last known principal place of business or residence; (b) five (5) days after its deposit in the mail, as evidenced by the postmark, if mailed with first-class postage prepaid and correctly addressed to a Member at the address shown in the Company's current records; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or (d) if transmitted by Electronic Transmission, on the date and at the time of transmission thereof provided that there exists proof of the Member's receipt thereof. Oral Notice is effective when communicated if communicated in a comprehensible manner.

Section 3.4 Meetings by Any Form of Communication. Members may participate in meetings of the Members by means of conference telephone or other communications

equipment by means of which all Persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 3.5 Quorum. Members holding a majority of the Membership Interests shall constitute a quorum at all meetings of the Members. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any of those present. A meeting may be adjourned despite the absence of a quorum.

Section 3.6 Voting. Whenever any Company action requires authorization by the Members, it shall be taken if authorized by Members holding a majority of the Membership Interests, except as otherwise specified in the Articles or this Operating Agreement.

Section 3.7 Action by Consent. The Members may take any action on which they are entitled to vote by written consent without prior notice and without a vote if a consent or consents in writing setting forth the action to be taken is signed by is signed by Members holding not less than the minimum percentage of Membership Interests as would be necessary to authorize or take such action at a meeting at which all Members entitled to vote were present and voted. A consent transmitted by Electronic Transmission by a Member (or by a Person authorized to act for such Member) shall be deemed to be written and signed for purposes of this subsection. Notice of the taking of action without a meeting by less than unanimous written consent of the Members shall be given to any Member entitled to vote thereon that did not sign such written consent; provided, however, that the failure to give such notice shall not affect the validity of the action taken.

Section 3.8 Proxies. Members who are entitled to vote may vote at any meeting either in person or by proxy in writing, which shall be filed with the Officers before being voted. Such proxy shall entitle the holders thereof to vote the Membership Interest of the Member granting the proxy at any meeting or any adjournment of such meeting, but shall be valid after the final adjournment thereof. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the Member executing it shall have specified therein the length of time it is to continue in force, which shall be for some limited period, in which case, the period of time so specified shall govern expiration of such proxy.

Section 3.9 Authority; Powers and Duties of the Members. Except as otherwise provided in this Operating Agreement, oversight of the general business and affairs of the Company that is not otherwise delegated to one or more Officers, employees, or agents of the Company pursuant to the Act shall be vested in the Members, who shall be authorized to supervise the policies of the Company. Members, solely by virtue of their interests as Members in the Company, shall not be, or be deemed to be, agents of the Company and no Member shall have authority to bind the Company by his, her or its acts unless such Member is specifically granted written authority to act for the Company in a particular matter. Only Officers, acting at the direction of the Members, shall be agents of the Company.

ARTICLE IV.
OFFICERS

Section 4.1 Officers. The rights and powers of the Members to oversee the business and affairs of the Company are hereby delegated by the Members to the Officers, who shall have the titles and duties specified from time to time herein and in the Act. Any such Officer shall act pursuant to such delegated authority until such Officer is removed by the Members or as otherwise set forth in Section 4.3 below. Any action taken by an Officer designated by the Members pursuant to authority delegated to such Officer shall constitute the act of and serve to bind the Company. Persons dealing with the Company are entitled to rely conclusively on the power and authority of any Officer set forth in this Operating Agreement and any instrument designating such Officer and the authority delegated to him or her.

Section 4.2 Number. The Officers of the Company shall consist of a President and a Secretary, each of whom shall be appointed by the Members. The Members may create such other offices or positions and appoint officers to fill such other offices or positions, as the Members may deem necessary or desirable. Any two (2) or more offices may be held by the same Person. The Officers need not be Members or residents of the State of Tennessee.

Section 4.3 Term of Office. Each Officer shall hold office until his or her successor has been duly elected and qualified or until his or her death or until he or she resigns or has been removed in the manner hereinafter provided.

Section 4.4 Removal and Resignation. Officers serve at the pleasure of the Members, and the Members may remove any Officer at any time with or without cause. The Members also may eliminate any office or Officer position, other than that of the President, at any time. The removal of an Officer is without prejudice to the contractual rights of the Officer, if any. Any Officer may resign at any time and for any reason. In the event of a vacancy in any office because of death, resignation or removal, the Members shall elect a successor to such office.

Section 4.5 Duties.

(a) **President.** The President shall preside at all meetings of the Members at which he or she shall be present. The President shall perform all duties incident to the office of the president of a corporation, as delegated by this Operating Agreement and such other duties as, from time to time, may be assigned to him or her by the Members. The President shall see that all orders and resolutions of the Members are carried into effect. Any act of the President taken in the ordinary course of the Company's business shall constitute the act of and serve to bind the Company. The President shall sign and deliver in the name of the Company any deeds, mortgages, leases, bonds, contracts or other instruments pertaining to the business of the Company, except in cases in which the authority to sign and deliver is required by law to be exercised by another Person or is expressly delegated by this Operating Agreement or the Members. The President may, during the absence of any Officer, delegate said Officer's duties to any other Officer. In the event that the Company has a vacancy in the office of Secretary, any Notices, documents or other matters that otherwise are required to be provided to the Secretary

may be delivered to the President. The initial President shall be set forth in Exhibit B attached hereto.

(b) Vice Presidents. The Vice Presidents, if any, in order of their seniority or in any other order determined by the Members shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall severally assist the President in the implementation of the orders and resolutions of the Members, and in the performance of such other duties as the President may from time to time prescribe. The duties of any assistant vice presidents shall be as set by the President.

(c) Secretary. The Secretary shall keep accurate membership records for the Company and maintain records of and, whenever necessary, certify all proceedings of the Members. The Secretary also shall receive Notices required to be sent to the Secretary and keep a record of such Notices in the records of the Company and shall perform such other duties as are prescribed by the Members or by the President. The Secretary shall keep in safe custody the certificate books and Member records and such other books and records as the Members may direct and shall perform all other duties incident to the office of Secretary. The initial Secretary shall be set forth in Exhibit B attached hereto.

(d) Assistant Secretaries. The Assistant Secretaries, if any, in order of their seniority or in any other order determined by the Members shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Members or the Secretary may from time to time prescribe.

(e) Treasurer. The Treasurer, if one, shall have the care and custody of the Company funds, and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all monies and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Members. The Treasurer shall disburse the funds of the Company as may be ordered by the Members, taking proper vouchers for such disbursements, and shall render to the President and the Members whenever they may require it an account of all his transactions as Treasurer and shall provide financial reports of the Company. If required by the Members, the Treasurer shall give the Company a bond for such term, in such sum and with such surety or sureties as shall be satisfactory to the Members for the faithful performance of the duties of his office and for the restoration to the Company, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Company.

(f) Assistant Treasurers. The Assistant Treasurers, if any, in the order of their seniority or in any other order determined by the Members, shall in the absence or disability of the Treasurer, perform the duties and exercise the power of the Treasurer and shall perform such other duties as the Members or the Treasurer shall prescribe.

(g) Vacancy of any Office. If at any time there is no person designated for an Officer position, the duties of such position shall be carried out by the President.

Section 4.6 Delegation. An Officer may delegate some or all of the duties and powers of his office to other Persons.

Section 4.7 Compensation. Officers may be reimbursed their actual and reasonable expenses incurred by them for serving as Officers and each Officer shall be entitled to receive such salary or other compensation, if any, for serving as an Officer, as the Members shall determine.

ARTICLE V.

PROPERTY, ACCOUNTS AND RECORDS

Section 5.1 Property. Any and all Company Property shall be held in the name of the Company.

Section 5.2 Records and Accounts to be Maintained. The Company shall maintain the records and accounts of all operations and expenditures of the Company. The Company shall maintain at the Principal Office the records and financial information described in § 48-249-406 of the Act.

Section 5.3 Access to Books and Records. The records and financial information required to be maintained by the Company in Section 5.2, wherever situated, and any other books, records and information required by the Act to be made available to Members, are subject to inspection and copying upon five (5) days prior Notice from any Member, and at the expense of, any such Member or such Member's duly authorized representatives during the usual business hours of the Company.

Section 5.4 Reports to Members. The Company shall provide reports to the Members at such time and in such manner as the Members may determine reasonable or appropriate. The Company shall provide all Members with those information returns required by the Code and the laws of all applicable local and foreign states.

ARTICLE VI.

CONTRIBUTIONS AND CAPITAL ACCOUNTS

Section 6.1 Initial Capital Contributions. No interest shall accrue on any Initial Capital Contribution, and no Member shall have the right to withdraw or be repaid any Initial Capital Contribution except as provided in this Operating Agreement.

Section 6.2 Additional Capital Contributions. In addition to the Initial Capital Contributions, the Members may determine from time to time that additional contributions are needed to enable the Company to conduct its business. Upon making such a determination and upon the approval of a Supermajority (as defined in Section 9.6) of the Members, the Officers shall give Notice to all Members in writing at least ten (10) Business Days prior to the date on which such contribution is due. Such Notice shall set forth the amount of additional contribution needed, the purpose for which the contribution is needed, and the date by which the Members

should contribute. Each Member shall be entitled to contribute a share of such additional contribution in proportion to such Member's percentage Membership Interest; provided, however, that no Member shall be obligated to make any such additional contributions. In the event one or more Members do not make such additional contributions, the other Members shall be given the opportunity to make the contributions on behalf of the noncontributing Members on a pro rata basis among such Members or on such other basis as the Members shall agree to. The contributing Members' percentage Membership Interests shall be increased, and the noncontributing Members' Membership Interests shall be decreased, based on their relative total capital contributions to the Company. Notwithstanding anything herein to the contrary, this Operating Agreement shall not be construed as creating a deficit restoration obligation or otherwise personally obligating any Member to make a Capital Contribution in excess of the Initial Capital Contribution.

Section 6.3 Priority and Return of Capital. No Member shall have priority over any other Member, either as to the return of Capital Contributions or as to income, Losses or Distributions of the Company's assets. This Section 6.3 shall not apply to loans (as distinguished from Capital Contributions) that a Member has made to the Company.

Section 6.4 Maintenance of Capital Accounts. The Company shall establish and maintain Capital Accounts for each Member. Such Capital Accounts shall be maintained in accordance with Treasury Regulations 1.704-1(b)(iv).

Section 6.5 Distribution of Property. If the Company at any time distributes any of its Property to any Member, the Capital Account of each such Member shall be adjusted to account for the Member's allocable share (as determined under Article VII below) of the Profits or Losses that would have been realized by the Company had it sold the Property that was Distributed at its respective fair market value immediately prior to its Distribution.

Section 6.6 Transfer of Financial Rights. In the event of a Transfer of some or all of a Member's Financial Rights in the Company, the Capital Account of the Transferring Member shall become the Capital Account of the Member acquiring such Financial Rights, to the extent it relates to the portion of the Financial Rights Transferred.

Section 6.7 Compliance with Section 704(b) of the Code. The provisions of this Article VI as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified, to cause the allocations of profits, losses, income, gain and credit pursuant to Article VII to have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code, in light of the Distributions made pursuant to Article VII and the Capital Contributions made pursuant to this Article VI. Notwithstanding anything herein to the contrary, this Operating Agreement shall not be construed as creating a deficit restoration obligation or otherwise personally obligate any Member to make a Capital Contribution in excess of the Initial Capital Contribution made by that Member.

ARTICLE VII.
ALLOCATIONS AND DISTRIBUTIONS

Section 7.1 Allocations of Profits and Losses. Except as may be required by Section 704(c) of the Code, and Sections 7.2, 7.3, 7.4, and 7.5 of this Article VII, Profits, Losses, and other items of income, gain, loss, deduction and credit shall be apportioned among the Members in proportion to the Membership Interest of each Member.

Section 7.2 Allocations Between Transferor and Transferee. If a Member transfers any part or all of its Membership Interest or if an additional member is admitted pursuant to Section 9.3, the distributive shares of the various items of Profit and Loss allocable among the Members during such Taxable Year of the Company shall be allocated either (a) as if the Company's taxable year had ended on the date of the transfer or admission, or (b) based on the number of days of such taxable year before and after the transfer or admission without regard to the results of Company activities in the respective portions of such taxable year. The Partnership Representative, in its sole discretion, shall determine which method shall be used to allocate the distributive shares of the various items of Profits and Losses between the Members and any assignees.

Section 7.3 Company Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain for a Taxable Year, each Member must be allocated items of income and gain for that Taxable Year equal to that Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain is the amount of the total net decrease multiplied by the Member's percentage share of the Company Minimum Gain at the end of the immediately preceding Taxable Year. A Member's share of any decrease in Company Minimum Gain resulting from a revaluation of Company Property equals the increase in the Member's Capital Account attributable to the revaluation to the extent the reduction in Company Minimum Gain is caused by the revaluation. A Member is not subject to this Company Minimum Gain chargeback requirement to the extent the Member's share of the net decrease in Company Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly a recourse liability or a Member Nonrecourse Liability, and the Member bears the economic risk of loss (within the meaning of Section 1.752-2 of the Regulations) for the newly guaranteed, refinanced, or otherwise changed liability.

Section 7.4 Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Taxable Year shall be allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Liability with respect to which such Member Nonrecourse Deductions are attributable in accordance with Section 1.704-2(b)(4) of the Regulations.

Section 7.5 Member Minimum Gain Chargeback. If during a Taxable Year there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under Section 1.704-2(i)(5) of the Regulations) as of the beginning of that Taxable Year must be allocated items of income and gain for that Taxable Year (and, if necessary, for succeeding Taxable Years) equal to that Member's share of the net decrease in Member Minimum Gain. A Member's share of the net decrease in Member Minimum Gain is

determined in a manner consistent with the provisions of Section 1.704-2(g)(2) of the Regulations. A Member is not subject to this Member Minimum Gain chargeback, however, to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Liability due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a Company Nonrecourse Liability. The amount that would otherwise be subject to the Member Minimum Gain chargeback is added to the Member's share of Company Minimum Gain. In addition, rules consistent with those applicable to Company Minimum Gain and Company Minimum Gain chargeback shall be applied to determine the shares of Member Minimum Gain and Member Minimum Gain chargeback to the extent provided under the Regulations issued pursuant to Section 704(b) of the Code.

Section 7.6 Qualified Income Offset. If a Member receives in any taxable year an adjustment, allocation, or distribution described in subparagraphs (4), (5), or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a negative balance in such Member's Capital Account that exceeds the sum of such Member's shares of Company Minimum Gain and Member Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Member shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such negative Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b)(2)(ii)(d). After the occurrence of an allocation of income or gain to a Member in accordance with this Section 7.6, to the extent permitted by Regulations Section 1.704-1(b), items of expense or loss shall be allocated to such Member in an amount necessary to offset the income or gain previously allocated to such Member under this Section 7.6.

Section 7.7 Capital Account Deficits. Loss shall not be allocated to a Member to the extent that such allocation would cause a deficit in such Member's Capital Account (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to exceed the sum of such Member's shares of Company Minimum Gain and Member Minimum Gain. Any Loss in excess of that limitation shall be allocated to the other Members. After the occurrence of an allocation of Loss to any other Member in accordance with this Section 7.7, to the extent permitted by Regulations Section 1.704-1(b), Profit shall be allocated to such other Member in an amount necessary to offset the Loss previously allocated to such other Member under this Section 7.7.

Section 7.8 Tax Distributions; Interim Distributions.

(a) If Net Cash Receipts are sufficient, the Officers will, prior to the due date of the Members' federal and state income tax payments for each calendar quarter, cause the Company to distribute but only from Net Cash Receipts cash in an amount sufficient for each Member (or each Member's constituents) to pay his or its actual or estimated tax payments resulting from his or its Membership Interest, which distributions will be made at such times and in such amounts so that, to the extent possible, the Members may avoid the imposition of any penalties ("**Tax Distributions**"). Such Tax Distributions pursuant to this Section shall be in amounts sufficient to allow such Members to make all income tax payments required to be made by such Members assuming such Members were

subject to the highest federal and state income tax rates then in effect for any Member, it being understood that with respect to the portion of the Company's earnings consisting of long term capital gains, the applicable highest rates shall be the long term capital gain rates.

(b) From time to time, the Members may elect to make interim Distributions to the Members from Net Cash Receipts in proportion to each Member's Financial Rights in the Company as of the date of such interim Distribution. An interim Distribution shall be in cash or Property (which need not be distributed proportionately) or partly in both. Tax Distributions must be made prior to any interim Distributions.

ARTICLE VIII.

TAXES

Section 8.1 Elections. The Members may make any tax elections for the Company allowed under the Code or the tax laws of any Taxing Jurisdiction.

Section 8.2 Partnership Representative.

(a) The initial "partnership representative" for the Company shall be indicated on Exhibit A attached hereto for purposes of Section 6223 of the Code (the "**Partnership Representative**"). The Partnership Representative may be removed and replaced by Members holding a majority of the Membership Interests at any time. The Partnership Representative is authorized to take such actions and execute and file all statements, forms, and elections on behalf of the Company which may be permitted or required under Subchapter C of Section 63 of the Code (relating to partnership audit proceedings) and in any tax proceedings brought by other taxing authorities and the Company and the Members will be bound by the actions of the Partnership Representative acting in such capacity.

(b) The Company shall indemnify and reimburse the Partnership Representative for all expenses (including legal and accounting fees) incurred as Partnership Representative in connection with any examination, any administrative or judicial proceeding, or otherwise. Notwithstanding anything to the contrary in this Agreement, each Member (including for purposes of this Section 8.2 any Person who is or becomes a Member but who for any reason ceases to be a Member) hereby agrees:

(i) to treat each item of income, gain, loss, deduction, or credit attributable to the Company in a manner consistent with the treatment of such income, gain, loss, deduction, or credit on the tax return of the Company or as determined in a notice of final partnership adjustment pursuant to Section 6226 of the Code and any applicable Regulations;

(ii) to indemnify and hold harmless the Company for such Member's share of any tax (including for purposes of this Section 8.2 any penalties, interest, and additions to tax) attributable to any adjustments to the income, gain, loss,

deduction, or credit of the Company pursuant to Section 6226 of the Code and any applicable Regulations; and

(iii) to take all other actions as the Partnership Representative may reasonably direct with respect to the Member's (or, in respect of the Member, the Company's) tax liabilities, including filing an amended return for any reviewed year (as defined in the Regulations) to account for all adjustments under Section 6225(a) of the Code properly allocable to the Member as provided in Section 6225(c) of the Code and any applicable Regulations.

Section 8.3 Taxes of Taxing Jurisdictions. To the extent that the laws of any Taxing Jurisdiction so require, each Member will submit an agreement indicating that the Member will make timely income tax payments to the Taxing Jurisdiction and that the Member accepts personal jurisdiction of the Taxing Jurisdiction with regard to the collection of income taxes attributable to the Member's income, and interest and penalties assessed on such income. If the Member fails to provide such agreement, the Company may withhold and pay over to such Taxing Jurisdiction the amount of tax, penalties and interest determined under the laws of the Taxing Jurisdiction with respect to such income. Any such payments with respect to the income of a Member shall be treated as a Distribution for purposes of Article X. The Members may, where permitted by the rules of any Taxing Jurisdiction, file a composite, combined or aggregate tax return reflecting the income of the Company and pay the tax, interest and penalties of some or all of the Members on such income to the Taxing Jurisdiction, in which case the Company shall inform the Members of the amount of such tax, penalties and interest so paid.

Section 8.4 Method of Accounting. The records of the Company shall be maintained on such method of accounting as is determined by the Members. It is intended that the Company will elect those accounting methods permitted under applicable law which provide the Company with the greatest tax benefits.

ARTICLE IX.

TRANSFER AND TERMINATION OF MEMBERSHIP INTERESTS

Section 9.1 Limitations on Transfer of Membership Interests. A Member may not Transfer any or all of his Membership Interest or any portion thereof except as allowed by this Operating Agreement. Any attempt to Transfer a Membership Interest or any portion thereof that does not comply with the terms and conditions of this Operating Agreement shall be void and ineffective.

Section 9.2 Conditions to Transfer of Membership Interests. As a condition to any Transfer of Membership Interests by a Member permitted hereunder:

(a) prior to the Transfer, the Company must have received, unless waived by the other Members, an opinion of counsel satisfactory to the Members that such Transfer is subject to an effective registration under, or exempt from the registration requirements of, the applicable state and federal securities laws and such Transfer, alone or when

combined with other transactions, would not result in a termination of the Company within the meaning of Section 708 of the Code;

(b) prior to the Transfer, the Company must have received from the transferee the information and agreements that the other Members may reasonably require, including, but not limited to, any taxpayer identification number and any agreement that may be required by the Taxing Jurisdiction and an agreement whereby the transferee acknowledges that it will be bound by the terms and conditions of this Operating Agreement; and

(c) the requirements of this Operating Agreement must have been complied with by the parties to the Transfer and the Company.

Section 9.3 Admission of Additional Members. Persons may be admitted as additional Members upon the approval of a Supermajority (as that term is defined in Section 9.6) of the Members. Any additional Member shall execute and become bound by all of the provisions of this Operating Agreement, as amended to reflect the additional Member. No such additional Member shall be entitled to any retroactive allocation of income, gain, loss, deduction or credit by the Company. The Members may at the time the additional Member is admitted, close the Company's books (as though the Company's Taxable Year had ended) or make pro rata allocations of income, gain, loss, deduction or credit to the additional Member for that portion of the Company's Taxable Year in which the additional Member was admitted in accordance with the provisions of Section 706(d) of the Code and the Regulations.

Section 9.4 Amendment of Operating Agreement upon a Transfer. Upon any Transfers of all or any portions of Membership Interests or the admission of an additional Member, the Officers are hereby authorized to substitute a revised Exhibit A to this Operating Agreement to reflect the changes in ownership of Membership Interests.

Section 9.5 Waiver of Termination Rights. The following provisions of the Act are hereby waived and shall not be applicable: §§ 48-249-503(a)(1), (a)(3), (a)(5), (a)(7), (a)(8), (a)(9), (a)(10), (a)(11), (a)(12), (b)(1) and (b)(2). No Member shall have the power or right to terminate such Member's Membership Interest, by withdrawal or otherwise, except as set forth in this Operating Agreement, and any termination of a Membership Interest in violation of this Operating Agreement shall be void and of no effect. Any termination of a Membership Interest permitted by this Operating Agreement shall only have the effect set forth herein and shall not have the effect set forth in § 48-249-505 of the Act, which is hereby waived and shall not be applicable. In addition, § 48-249-504 of the Act is hereby waived and shall not be applicable.

ARTICLE X.

DISSOLUTION AND WINDING UP

Section 10.1 Term, Dissolution and Termination. The Company shall be dissolved, its affairs wound up and its existence terminated as set forth in § 48-249-601, *et seq.* of the Act; provided, however, that: (a) dissolution by the Members shall require approval of Members holding at least a majority of the Membership Interests; and (b) the Company shall be dissolved and its affairs wound up upon the sale or other disposition (excluding a collateral assignment) of

substantially all of the Company Property unless Members holding at least a majority of the Membership Interests affirmatively vote to amend this Operating Agreement in order to continue the existence of the Company.

Section 10.2 Deficit Capital Accounts. Notwithstanding anything in this Operating Agreement to the contrary and notwithstanding any custom or rule or law to the contrary, the deficit, if any, in the Capital Account of any Member upon the dissolution of the Company shall not be an asset of the Company, and such Member shall not be obligated to contribute such amount to the Company to bring the balance of such Member's Capital Account to zero.

ARTICLE XI.
REPRESENTATIONS OF MEMBERS

Section 11.1 In General. As of the date hereof, each Member hereby makes each of the representations and warranties applicable to such Member as set forth in this Article XI, and such representations and warranties shall survive the execution of this Operating Agreement. Said representations and warranties shall also be made by and shall be binding upon all Persons receiving Membership Interests at any time after the date hereof as of each such Person receives his, her or its Membership Interests.

Section 11.2 Investment in Company.

(a) Member Acknowledgements. The Members acknowledge that:

(i) the Membership Interests evidenced by this Operating Agreement have not been registered under the Securities Acts because the Company is issuing these Membership Interests in reliance upon the exemptions from the registrations requirements of the Securities Acts providing for issuance of securities not involving a public offering;

(ii) the Company has relied upon the fact that the Membership Interests are to be held by such Member for investment;

(iii) exemption from registrations under the Securities Acts would not be available if the Membership Interests were acquired by such Member with a view to distribution;

(iv) the Company is under no obligation to register such Member's Membership Interest or to assist such Member in complying with any exemption from registration under the Securities Acts if such Member should at a later date wish to Transfer the Membership Interest; and

(v) each Membership Interest is unlikely to qualify for Transfer under Rule 144 of the Securities and Exchange Commission unless such Member is not an "Affiliate" of the Company and the Membership Interest has been beneficially owned and fully paid for by such Member for at least three (3) years.

(b) Member Investment Representations and Agreements. Each Member:

(i) represents and warrants to the Company that such Member is acquiring the Membership Interest for such Member's own account for investment and not with a view to the resale or distribution thereof.

(ii) agrees not to sell or offer for sale any of portion of such Member's Membership Interest unless there is an effective registration or other qualification relating thereto under the Securities Act of 1933 and under any applicable state securities laws or unless the holder of such Membership Interest delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification under such Act and applicable state securities laws is not required in connection with such Transfer, offer or sale.

(iii) represents and warrants that such Member has made an investigation of the Company and its business and has had made available to each such Member all information with respect thereto which such Member needed to make an informed decision to acquire the Membership Interest.

(iv) considers himself, herself or itself to be a Person possessing experience and sophistication as an investor which are adequate for the evaluation of the merits and risks of such Member's investment in the Membership Interest.

ARTICLE XII.

CONFIDENTIALITY AND CONFLICTS OF INTEREST

Section 12.1 Disclosure of Confidential Information. Each Member covenants not to divulge or use any confidential information of the Company except for the Company's benefit.

Section 12.2 Other Activities of Members. Each Member may have other business interests and may engage in other activities in addition to those relating to the Company, whether such interest or activities are competitive with the Company or otherwise. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of any other Member or to the income or proceeds derived therefrom and no Member shall incur any liability to the Company or to any of the other Members as a result of engaging in any other business or venture.

Section 12.3 Conflicts of Interest. No Member or Officer violates a duty or obligation to the Company merely because the conduct furthers his or her own interest. Any Member or Officer may lend money to and transact other business with the Company or its Affiliates. The rights and obligations of a Member or Officer who lends money to or transacts business with the Company are the same as those of a Person who is not a Member or Officer, subject to other applicable law. No transaction with the Company shall be voidable solely because a Member or Officer has a direct or indirect interest in the transaction if the disinterested Members knowing the material facts of the transaction and the Members or Officer's interest therein, authorize, approve or ratify the transaction.

ARTICLE XIII.
INDEMNIFICATION OF THE MEMBERS

Section 13.1 Indemnification of the Members. The Company shall indemnify and hold harmless, and advance expenses to its Members, Officers or any other “responsible person” (as defined in the Act) of the Company from and against, and in connection with, all claims and demands whatsoever relating to any “proceeding” (as defined in the Act) to the extent now or hereafter permitted under the Act. Claims for indemnification shall be presented and approved in the manner provided by the Act.

Section 13.2 Prepayment of Expenses. The Company may, in its discretion, pay the expenses (including attorneys’ fees) incurred by any Member or Officer in defending any such proceeding in advance of its final disposition, provided that such advance payment shall be made only upon receipt of an undertaking, by or on behalf of such Member or Officer, to repay all amounts so advanced if it shall ultimately be determined that such Member or Officer is entitled to be indemnified under this Article XIII or otherwise.

Section 13.3 Non-exclusivity of Rights. The rights conferred on any Person by this Article XIII shall not be exclusive of any other rights which such Person may have or hereafter acquire under any statute, the Articles, this Operating Agreement or any other agreement, by the Members or Officers or otherwise.

Section 13.4 Insurance. The Company may maintain insurance, at its expense, to protect itself and the Members or any agent of the Company against any such expense, liability or loss, whether or not the Company would have the power to indemnify such Person against expense, liability or loss under applicable law.

ARTICLE XIV.
MISCELLANEOUS PROVISIONS

Section 14.1 Amendment or Modification of Operating Agreement. This Operating Agreement may be amended or modified from time to time only by a written instrument adopted by the Members holding more than ten percent (10%) of the Governance Rights.

Section 14.2 Entire Agreement. This Operating Agreement constitutes the entire agreement among the parties. No party shall be bound by any terms, conditions, statements or representations, oral or written, not herein contained. Each party hereby acknowledges that in executing this Operating Agreement, such party has not been induced, persuaded or motivated by any promise or representation made by any other party, unless expressly set forth herein. All previous negotiations, statements and preliminary instruments by the parties or their representatives are merged in this Operating Agreement.

Section 14.3 Rights of Creditors and Third Parties. This Operating Agreement is entered into by and among the Members for the exclusive benefit of the Company, its Members, and their successors and assignees. This Operating Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person. Except and only to the extent provided by the Act or other applicable statute, no such creditor or third party shall have any

rights under this Operating Agreement or any agreement between the Company and any Member with respect to any Capital Contribution or otherwise.

Section 14.4 Interpretation. For and in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members executing this Operating Agreement hereby agree to the terms and conditions contained herein, as it may from time to time be amended according to its terms. It is the express intention of the Members that this Operating Agreement and the Articles shall be the sole source of agreement of the parties, and, except to the extent a provision of the Operating Agreement expressly incorporates federal income tax rules by reference to sections of the Code or Regulations or is expressly prohibited or ineffective under the Act, the Operating Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act or any other law or rule. To the extent any provision of this Operating Agreement is prohibited or ineffective under the Act, the Operating Agreement shall be considered amended to the smallest degree possible in order to make this Operating Agreement effective under the Act. In the event the Act is subsequently amended or interpreted in such a way to make any provision of this Operating Agreement that was formerly invalid valid, such provision shall be considered to be valid from the effective date of such interpretation or amendment.

Section 14.5 Governing Law. This Operating Agreement, and the application or interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Tennessee, and specifically the Act, applied without respect to any conflicts-of-law principles.

Section 14.6 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

Section 14.7 Construction of Terms. Whenever used in this Operating Agreement and when required by the context, the singular number shall include the plural and the plural the singular. Pronouns of one gender shall include all genders.

Section 14.8 Captions. The captions as to contents of particular articles, sections or paragraphs contained in this Operating Agreement and the table of contents hereto are inserted for convenience and are in no way to be construed as part of this Operating Agreement or as a limitation on the scope of the particular articles, sections or paragraphs to which they refer.

Section 14.9 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any provision, covenant, condition or other agreement of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

Section 14.10 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

Section 14.11 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

Section 14.12 Counterparts. This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

Section 14.13 Fiscal Year. The fiscal year of the Company shall be determined by the Members in accordance with applicable law.

[continued on following page]

July 17, 2018

10:25 A.M.

IN WITNESS WHEREOF, the parties hereto have executed this Operating Agreement to be effective as of the day and date first set forth above.

MEMBERS:


P. Byron DeFoor


Susan DeFoor

July 17, 2018**10:25 A.M.**

**EXHIBIT A
TO
OPERATING AGREEMENT**

<u>Name of Member</u>	<u>Description of Initial Capital Contribution</u>	<u>Percentage Financial Rights</u>	<u>Percentage Governance Rights</u>
P. Byron DeFoor* 801 Broad Street Suite 200 Chattanooga, TN 37402	\$99.00	99%	99%
Susan DeFoor 801 Broad Street Suite 200 Chattanooga, TN 37402	\$1.00	1%	1%
TOTAL	\$100.00	100%	100%

*Partnership Representative

July 17, 2018

10:25 A.M.

**EXHIBIT B
TO
OPERATING AGREEMENT**

Initial Officers

Office	Officer
President	Craig Taylor
Secretary	Ember Souchet

Attachment Section A-5

Copy of Clinical Consulting Agreement with Clinical Support Partners, LLC

July 17, 2018

10:25 A.M.

SODDY DAISY HEALTHCARE, LLC
d/b/a Soddy-Daisy Health Care Center
2018.05.01

CLINICAL CONSULTING AGREEMENT

This CLINICAL CONSULTING AGREEMENT ("***Agreement***") is made and entered into as of May 1, 2018 by and between **SODDY DAISY HEALTHCARE, LLC d/b/a Soddy-Daisy Health Care Center** a Tennessee limited liability company ("***Operator***") and **Clinical Support Partners, LLC**, a Delaware limited liability company ("***Consulting Company***").

WITNESSETH:

WHEREAS, Operator holds or intends to obtain a license and all other permits and approvals necessary to operate that certain nursing care facility known as SODDY DAISY HEALTHCARE, LLC d/b/a Soddy-Daisy Health Care Center located at 701 Sequoyah Road, Soddy-Daisy, TN 37379 (the "***Project***"); and

WHEREAS, Consulting Company is engaged in the business of providing clinical consulting and support services to senior living facilities; and

WHEREAS, Operator desires to have Consulting Company provide consulting services for the Project, as an independent contractor, and Consulting Company is willing to provide such services pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and for other good and valuable considerations, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

When used in this Agreement, the following words or terms shall have the following definitions:

- 1.1 "Basic Services" shall have the meaning given in Section 3.1.
- 1.2 "Business Day" means a day other than a Saturday, a Sunday or a day designated as a holiday by the United States Congress at 5 U.S.C.A. § 6103.
- 1.3 "Commencement Date" shall have the meaning given in Section 5.1.
- 1.4 "Consulting Company" shall have the meaning given in the recitals.
- 1.5 "Consulting Company Affiliate" means (i) any person, firm, corporation, limited liability company, or other entity which controls, is controlled by, or is under common control

with Consulting Company, directly or indirectly; or (ii) any partnership, venture, trust, limited liability company or other entity in which Consulting Company is a general partner, a managing general partner, a managing venturer, trustee, or otherwise holds a management position; or (iii) any successor of Consulting Company by change of name, merger, acquisition, consolidation, dissolution and distribution of assets, bulk transfer of assets, or similar reorganizational action.

1.6 “Emergency Services” shall have the meaning given in Section 3.3.

1.7 “Existing Uses” shall mean all present uses of the Project, including use as a seniors housing and care facility and all ancillary services in connection therewith.

1.8 “Extraordinary Services” shall have the meaning given in Section 3.2.

1.9 “Fees” shall mean the fees payable by Operator to Consulting Company in consideration of Consulting Company’s services hereunder. The calculation for determining the Fees is set forth in Section 4.1.

1.10 “Fiscal Year” means a year, commencing January 1, and ending December 31, except that the first Fiscal Year shall be that period commencing on the Commencement Date and ending on the next succeeding December 31.

1.11 “Land” means the tract of land upon which the Project is located.

1.12 “Operator” shall have the meaning given in the recitals.

1.13 “Operator Affiliate” means (i) any person, firm, corporation, limited liability company or other entity which controls, is controlled by, or is under common control with Operator, directly or indirectly; or (ii) any partnership, venture, trust, limited liability company or other entity in which Operator is a general partner, a managing general partner, a managing venturer, trustee, or otherwise holds a management position; or (iii) any successor of Operator by change of name, merger, acquisition, consolidation, dissolution and distribution of assets, bulk transfer of assets, or similar reorganizational action.

1.14 “Payments to Consulting Company” means the Fees described in Section 4.1, together with any other sums due to Consulting Company hereunder.

1.15 “Project” shall have the meaning given in the recitals and shall include the Land and the Improvements.

1.16 “Residents” means the residents or patients of the Project.

1.17 “Subcontracts” and “Subcontractors” shall have the meaning given in Section 2.5.

1.18 “Subcontractor Default” shall have the meaning given in Section 2.5.

When used in this Agreement, the words and terms for which definitions are specified in the introductory paragraph of this Agreement and in the further Articles of this Agreement shall have the definitions respectively therein ascribed to them.

ARTICLE II

RELATIONSHIP OF PARTIES

2.1 Services by Consulting Company. Consulting Company agrees to provide to Operator the consulting and advisory services described herein in connection with the Operator's operation of the Project, upon the terms and conditions set forth in this Agreement.

2.2 Relationship. Subject to the terms hereof, all actions by Consulting Company in performing its duties and providing services pursuant to this Agreement shall be on behalf of Operator as Operator's independent contractor. Operator agrees to indemnify, defend and hold Consulting Company harmless from and against any loss, cost, expense, liability, deficiency, fine or claim of any kind or nature whatsoever arising from or in connection with the Project (including, without limitation, any losses due to regulatory or civil fines or penalties, reasonable attorneys' fees and other costs and expenses incident to any investigation, claim or proceeding), the acts or omissions of Operator's employees or contractors, or Consulting Company's performance of its duties and obligations under this Agreement, excluding any illegal acts, gross negligence in the performance of its duties under this Agreement, or willful misconduct on the part of Consulting Company.

2.3 Control Retained by Operator; Operator is "Provider". Notwithstanding anything herein to the contrary, although Consulting Company shall make recommendations to Operator concerning the Project, Operator has and shall at all times retain under this Agreement the ultimate authority and responsibility for the operational decisions at the Project in addition to retaining and exercising control and oversight over the assets of the Project, and Consulting Company shall perform the functions described in this Agreement to be performed by it in accordance with policies and directives approved by Operator. Operator shall be the holder of all licenses, permits and contracts obtained with respect to the Project, and shall be the "provider" within the meaning of all third-party contracts for the Project. Specifically, and without limitation, Operator also shall hold the Medicare and Medicaid provider numbers and provider agreements. This Agreement shall not constitute an assignment (automatic or otherwise) by Operator to Consulting Company of the licenses, permits, contracts, certifications or provider agreements with respect to the Project.

2.4 Other Activities. Consulting Company and Consulting Company Affiliates may engage in or possess an interest in other business ventures of every nature and description and in any vicinity whatsoever, including, without limitation, the ownership, operation, and development of nursing homes, retirement homes, assisted and/or independent living facilities, apartments or duplexes, or other real property, and pharmacy, physical and speech therapy, home health, hospice services, medical equipment, adult day care and any other senior service, and Operator shall have no rights in or to such independent ventures or to any profits therefrom. Any such activities may be undertaken with or without notice to or participation therein by Operator, and Operator hereby waives any rights or claims that it may have against Consulting Company and any Consulting Company Affiliate with respect to the income or profit therefrom or the effect of such activity on the Project. Nothing contained herein shall obligate any agent, officer, director, shareholder, member or partner of Consulting Company or any Consulting Company Affiliate to devote all or any particular portion of such party's time or efforts to the Project.

2.5 Consulting Company's Liability. Operator acknowledges that Consulting Company will enter into subcontracts ("***Subcontracts***") with others ("***Subcontractors***") to obtain certain services and goods to be provided under this Agreement, either on behalf of the Operator or on Consulting Company's own behalf, and that Consulting Company's remedies against a Subcontractor in the event it fails to perform such services, is negligent, engages in misconduct or otherwise defaults under the Subcontract (in any such case "***Subcontractor Default***") will be governed by the Subcontract and by applicable law. Operator agrees, for the purposes of this Agreement, that if Consulting Company, as soon as reasonably practicable after Consulting Company becomes aware of the occurrence of a Subcontractor Default, commences and thereafter pursues with reasonable due diligence remedies against such Subcontractor and, pending efforts by Consulting Company to enforce such remedies against such Subcontractor, either performs itself the services covered by the Subcontract or engages another Subcontractor for such purpose, then Consulting Company shall not be in default under the terms of this Agreement by reason of such Subcontractor Default.

Notwithstanding any other provision of this Agreement, and unless such act or omission constitutes willful misconduct by Consulting Company, a Consulting Company Affiliate or its or their employees or agents (and for the purposes of this Section the term "***employees or agents***" of Consulting Company shall not include Subcontractors or employees of Operator), under the terms of this Agreement, Consulting Company shall not be liable for any act or omission, negligent, tortious or otherwise, of a Subcontractor or any agent or employee of a Subcontractor, or its subsidiaries or affiliates, for any amount of damage, or any other monetary obligation whatsoever, which is in excess of the amount of cash proceeds actually recovered under the policies of liability insurance maintained pursuant to the terms of this Agreement, and under no circumstances whatsoever shall Consulting Company, under any theory of action or recovery, ever be liable for or obliged to pay or to satisfy any judgment for, any damages or other monetary obligation whatsoever, that is in excess of the amount of such cash proceeds. Notwithstanding any of the provisions of this Agreement, in no event shall Operator make any claim against Consulting Company on account of any alleged errors in judgment made in good faith in connection with the Project by Consulting Company or a Consulting Company Affiliate, or its or their employees, agents, members, managers, officers or subsidiaries, or the performance of any advisory or technical services provided by or arranged by Consulting Company.

2.6 Proprietary Interest. Notwithstanding anything herein to the contrary, the computer and technical systems, methods, logos, procedures and controls employed by Consulting Company (the "***Proprietary Materials***") are proprietary to Consulting Company and shall remain the property of Consulting Company and shall not, at any time, be utilized, distributed, copied or otherwise employed or acquired by the Operator.

ARTICLE III

SERVICES

3.1 Basic Services. As basic services hereunder (the "***Basic Services***"), Consulting Company shall provide services to the Operator, as directed by the Operator, in the following matters:

(a) Staffing and Clinical Personnel. Provide recommendations to Operator for employment decisions affecting clinical staff employed at the Project. All on-site Project employees shall at all times be Operator's employees and not employees of Consulting Company.

(b) Policies and Procedures Development. Collaborate with the Operator's clinical staff to coordinate and implement clinical guidelines, program initiatives, processes, policies and procedures for review and approval by Operator subject to Section 2.6. Operator may adopt, amend, reject or modify any or all standards, guidelines, policies and procedures proposed or recommended by Consulting Company in connection with Operator's management and operation of the Project.

(c) Clinical Compliance. Make recommendations to promote compliance of policies and processes with state and federal regulations.

(d) Clinical Support Consultation. Provide clinical expertise in long term care to assist in the identification and development of quality patient care delivery by the Operator.

(e) Investigation and Reporting Support. Assist with the investigation of any incident, unwitnessed injury, or reportable event at the Project and assemble documentation and other information for submission to the relevant state or federal agency related to such incident, unwitnessed injury, or reportable event.

(f) Medical Records Audits and Review. Audit medical records to determine Operator compliance with state and federal guidelines for long term care.

(g) Mock Surveys. Conduct mock surveys to prepare the Operator for periodic surveys by state and federal agencies.

(h) Quality Measures. Develop and support a quality assurance/quality improvement program and review and analyze quality data to assist the Operator in the development and implementation of corrective action plans, if needed.

(i) Staff Education and Training. Provide education, training, and in-service opportunities to Operator's nursing staff regarding patient care, clinical findings, survey preparedness, and other areas of focus in the long term care industry.

(j) Survey Support. Participate as directed by Operator in state and federal surveys and quality assurance surveys.

3.2 Extraordinary Services. Whenever Consulting Company determines that a service or services not included in the Basic Services required to be rendered pursuant to the Agreement (and not constituting an emergency) would be reasonably desirable to recommend for the Project (collectively, the "**Extraordinary Services**"), Consulting Company shall advise Operator of the need and cost therefore and make recommendations related thereto. Consulting Company shall then perform the Extraordinary Services in accordance with the directions of Operator as to the performance thereof and the amount to be expended therefore.

3.3 Emergency Services. “*Emergency Services*” are defined as any and all emergency services immediately necessary for the preservation and/or safety of the Project, to avoid the suspension of any important service to the Project or the licensure and/or certification of the Project, to avoid danger to life or property, or to preserve the use of the Project for the Existing Uses. Consulting Company may but shall not be required to perform Emergency Services in its discretion, without Operator’s prior approval of the performance or amount to be expended therefore; provided, however, Consulting Company shall, if reasonably possible, give Operator verbal notice of the performance of such service as soon as practicable.

3.4 Expense of Operator. All services performed by Consulting Company under this Agreement of any kind (including without limitation Basic Services, Extraordinary Services and Emergency Services) shall be at the sole expense of Operator. Notwithstanding any other provision of this Agreement, Consulting Company shall not be obligated to make any advance to or for the account of Operator or the Project or to pay any sums, nor shall Consulting Company be obligated to incur any liability or obligation for the account of Operator or the Project without assurance in Consulting Company’s sole discretion that the necessary funds for the discharge thereof are or shall be available, nor shall Consulting Company be responsible for the failure of the Project to be managed, operated, or maintained to the standard required by this Agreement as a result of Operator’s failure to provide funds timely for the Project.

3.5 Confidentiality. Consulting Company and Operator agree to maintain in confidence all information and materials provided by, or obtained from, each other including, without limitation, all financial information, source codes, medical protocols, operational practices, guidelines and procedures, manuals, booklets, pamphlets and technology as well as all other such information and data, except such use thereof as may be reasonably expected in the reasonable business of Operator. Further, all books, records, forms, notes, data, memoranda, models, supplies, materials, business accounts, lists and equipment, in any form or of any nature whatsoever delivered or furnished by Consulting Company to Operator during the course of its engagement shall remain the property of Consulting Company. Upon the termination of this Agreement or upon the request of Consulting Company, the Operator shall promptly return said material and items to Consulting Company.

3.6 Resident Privacy. Consulting Company shall have access to Resident data, which it shall hold in strict confidence, and shall use only for the purposes of this Agreement. Consulting Company shall instruct its personnel concerning the requirements of this section. Resident data shall mean any data or information concerning Residents of the Project, including without limitation, any of the treatments, procedures, medicines, drugs, diagnoses, therapies, surgeries, outcomes, histories, genetics, disclosures or behaviors of any such Residents. The privacy and other rights of all Residents of the Project shall be respected.

3.7 Insurance. All insurance procured by Operator shall name Consulting Company as an additional insured.

3.8 HIPAA. Consulting Company may be a business associate of Operator under the Health Insurance Portability and Accountability Act of 1996 (“*HIPAA*”), as amended by the HITECH Act and the HIPAA Omnibus Rule (collectively, the “*HIPAA Rules*”). As such, Consulting Company will comply with the business associate requirements as set forth in the

HIPAA Rules in current or amended form in using and disclosing Protected Health Information (as defined in the HIPAA Rules) that it receives from Operator in the course of furnishing its services hereunder. Consulting Company and Operator agree to enter into the Business Associate Agreement attached to this Agreement.

3.9 RESERVED

ARTICLE IV

FEE AND ADDITIONAL PAYMENTS

4.1 Amount. During the term of this Agreement, Operator shall pay Support Company the Fees set forth in Exhibit A.

4.2 Monthly Payments. Services Company shall pay itself the Fees for each month during the term of this Agreement by means of an ACH payment.

4.3 Calculation and Annual Adjustment. The Fee shall be paid in monthly installments calculated by multiplying the number of days in the month for which the fee is being calculated times a fraction, the numerator of which is the Project Revenues for the month (as shown on the most recent previous monthly statement) and the denominator of which is the number of days in the then preceding month, and multiplying that product times the consulting fee percentage noted on Exhibit A. Within fifteen (15) days after the delivery of the annual financial statements of the Project, Operator shall pay to Consulting Company or Consulting Company shall pay to Operator such amount as is necessary to make the amount of Fees actually paid with respect to such year equal to the amount of Fees shown to be due by the annual financial statements.

ARTICLE V

TERM

5.1 Term. This Agreement shall commence as of May 1, 2018 the "*Commencement Date*") and shall thereafter continue for a period of five (5) years. Thereafter, this Agreement shall renew annually for five (5) year terms until one party gives the other written notice of its intent not to renew at least ninety (90) days prior to the end of the existing term.

5.2 Termination Without Cause. Either Operator or Consulting Company may, upon not less than thirty (30) days prior written notice, terminate this Agreement without cause, provided that no such termination shall relieve either party from its obligations arising or accruing prior to such termination, including without limitation, Operator's duty to pay all accrued Payments to Consulting Company.

5.3 Termination Upon Default. The following shall constitute events of default by Consulting Company and/or Operator, as applicable:

(a) The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy, insolvency or similar law by either Operator or Consulting Company;

(b) The consent to an involuntary petition in bankruptcy or the failure by either Operator or Consulting Company to vacate within one hundred and twenty (120) days from the date of entry thereof any order approving an involuntary petition;

(c) The entering of an order, judgment, or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either Operator or Consulting Company a bankrupt or insolvent or approving a petition seeking reorganization or appointment of a receiver, trustee, or liquidator of all or a substantial part of such party's assets, which order, judgment, or decree shall continue unstayed and in effect for a period of one hundred twenty (120) consecutive days;

(d) The failure or refusal of Operator to make the Payments to Consulting Company, as and when provided for in this Agreement, provided Consulting Company shall have first delivered the notices relating to Operator's obligation to make such Payments to Consulting Company as required by this Agreement, and the continuance of any such failure for a period of five (5) days after notice to Operator of the amounts required and the purposes thereof;

(e) If the license for the operation of the Project or its certification as a provider under Medicare or Medicaid, if applicable, is suspended and such suspension lasts more than thirty (30) days or is finally revoked or terminated; or

(f) The failure of either Operator or Consulting Company to perform, keep, or fulfill any of the covenants, undertakings, obligations, or conditions set forth in this Agreement and the continuance of any such failure for a period of thirty (30) days after written notice of said failure, provided, however, that if such failure constitutes a default under subsections (a), (b) or (c) above, neither Operator nor Consulting Company shall be entitled to notice.

Notwithstanding any other provisions of this Agreement, but without otherwise affecting Consulting Company's rights or remedies hereunder, Operator agrees that, in the event Operator breaches this Agreement by wrongfully terminating or wrongfully purporting to terminate, in whole or in part, Consulting Company's position as Consulting Company hereunder, Consulting Company shall be entitled to the remedy of specific performance in addition to an action for damages or other remedies.

5.4 Effect of Termination. Upon termination of this Agreement, Consulting Company shall forthwith:

(a) Deliver to Operator all materials, supplies, keys, contracts and documents, plans, specifications, promotional materials, and such other accountings, papers, and records pertaining to this Agreement;

(b) Cease the performance of all services required to be performed by Consulting Company under this Agreement; and

(c) Cooperate reasonably with Operator to accomplish an orderly transfer, if any, of the services provided by the Consulting Company to the party designated by Operator.

Upon termination of this Agreement for any reason, any right of Consulting Company to receive Payments to Consulting Company which accrue under the terms of this Agreement, prior to such termination, but are payable after the date of such termination, shall survive such termination and continue in force and effect, and Operator shall be obligated to make such Payments to Consulting Company in the amounts and at the times provided for in this Agreement.

ARTICLE VI

MISCELLANEOUS

6.1 Delegation; Assignment.

(a) Consulting Company shall have the right to delegate its responsibilities under this Agreement to employees or agents of Consulting Company or to engage Subcontractors for performance of all or any part of the services to be provided hereunder; provided, however, that Consulting Company shall at all times supervise the performance of Consulting Company's duties and obligations hereunder. Additionally, Consulting Company shall have the right, without obtaining Operator's consent, to assign this Agreement to a Consulting Company Affiliate. Otherwise Consulting Company shall not, without Operator's prior approval (which shall not be unreasonably withheld), assign any of its rights, other than its right to receive the Payments to Consulting Company (which Consulting Company may freely transfer or encumber) or its obligations under this Agreement, whether by operation of law or otherwise, and any such attempted assignment shall be void.

(b) If any person or entity other than Operator succeeds or attempts to succeed to title of or the license to the Project, Consulting Company shall have the option to terminate this Agreement upon ten (10) days' notice to the then current licensee of the Project.

6.2 Notices. Any and all notices, requests, demands, consents, approvals or other communications required or permitted under this Agreement by either party hereto shall be in writing and shall be made by hand delivery, by sending via Federal Express or another nationally-recognized overnight delivery service, or by sending via certified U. S. Mail with unrestricted delivery, return receipt requested, postage prepaid, and hand delivered or so sent to the party being notified at the address(es) below.

July 17, 2018

10:25 A.M.

To Operator:

SODDY DAISY HEALTHCARE, LLC
d/b/a Soddy-Daisy Health Care Center
701 Sequoyah Road
Soddy-Daisy, TN 37379
Attention: Administrator

To Consulting Company:

Clinical Support Partners, LLC
801 Broad Street, Suite 300
Chattanooga, TN 37402
Attn: President- Ava Green

Notice shall be considered delivered at the earliest of the following to occur: when actually received, three (3) Business Days (as hereinafter defined) after being so sent by U. S. Mail, or one (1) Business Day after being so sent by Federal Express or another nationally-recognized overnight courier service, independent of the date of actual delivery or whether delivery is ever in fact made, as the case may be, provided the giver of notice can establish the fact that notice was sent or tendered as provided herein. If notice is tendered pursuant to the provisions of this Section and is refused by the intended recipient thereof the notice, nevertheless, shall be considered to have been given and shall be effective as of the date herein provided. If notice is tendered pursuant to the provisions of this Section and is refused by the intended recipient thereof, the notice, nevertheless, shall be considered to have been given and shall be effective as of the date herein provided.

Operator and Consulting Company may, by written notice given by each to the other, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Agreement.

6.3 Entire Agreement. This Agreement shall constitute the entire agreement between the parties hereto with respect to the management of the Project and shall supersede all other prior agreements, written or oral, between the parties relating to the Project. No modification hereof shall be effective unless made by supplemental agreement in writing executed by the parties hereto. This Agreement supersedes and replaces any prior agreements between the parties relating to the Project.

6.4 Nature of Agreement. Neither the relationship between Operator and Consulting Company nor anything contained in this Agreement shall be deemed to constitute a partnership, joint venture, or any other similar relationship, and Consulting Company shall at all times be deemed an independent contractor for purposes of this Agreement.

6.5 Referral of Residents. The parties agree that the payments made to Consulting Company by Operator hereunder are not in any way contingent upon the admission or referral of Residents by Consulting Company. Further, nothing herein shall require or contemplate any referrals of Residents by Operator, Operator Affiliates, or their members, owners or shareholders.

6.6 Force Majeure. Notwithstanding anything herein to the contrary, Consulting Company shall not be deemed in breach or default of this Agreement if it is prevented or hindered from performing its obligations hereunder due to war, civil unrest, strike, labor troubles, promulgation of law or regulation, governmental delays, unusually inclement weather, inability to procure services or materials despite reasonable efforts, acts of God, or any other cause(s) beyond the reasonable control of the Consulting Company.

6.7 Access to Books and Records. As and to the extent required by law, upon the written request of the United States Secretary of Health and Human Services, the Comptroller General, Attorney General, or any of their duly authorized representatives, Consulting Company shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such services. If Consulting Company carries out any of the duties of this Agreement through a subcontract with a value of \$10,000.00 or more over a twelve (12) month period with a related individual or organization, Consulting Company agrees to include this requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of 42 U.S.C. Section 1395x(v)(1) and the regulations promulgated thereunder. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by either party by virtue of this Agreement.

6.8 Governing Law. This Agreement is made pursuant to, and shall be governed by and construed in accordance with, the laws applicable to contracts made and to be performed in the state where the Project is located.

6.9 No Waiver; Cumulative Remedies. The failure of Operator or Consulting Company to seek redress for violation or to insist upon the strict performance of any covenant, agreement, provision, or condition of this Agreement shall not constitute a waiver of the terms of such covenant, agreement, provision, or condition, and Operator and Consulting Company shall have all remedies provided herein and by applicable law with respect to any subsequent act which would have originally constituted a violation.

6.10 Non-Assumption of Liabilities; No Third Party Beneficiaries. Consulting Company shall not by entering into and performing this Agreement become liable for any obligations, liabilities or debts of Operator or the Project or any Operator Affiliates or others, and Consulting Company shall not by performing services to the Operator assume or become liable for any of the obligations, debts and liabilities of the Operator or the Project, and will in the course and scope of performing services hereunder have only the obligation to observe and perform the terms and conditions of this Agreement. None of the provisions hereof shall be deemed to create any obligation or liability of any party to any person or entity that is not a named party to this Agreement, whether under a third-party beneficiary theory or otherwise.

6.11 Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the execution date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel in such a manner as to indicate that the structure or any terms of this Agreement may be in violation of such laws or regulations, this Agreement shall automatically be deemed modified as necessary to comply with such laws or regulations. To the maximum extent possible, any such modification

shall preserve the underlying economic and financial arrangements between Consulting Company and Operator. Consulting Company and Operator shall amend this Agreement to reflect such modification promptly.

6.12 No Liability of Officers, Directors, Members. Notwithstanding any of the provisions of this Agreement, under no circumstances whatsoever, under any theory of action or recovery, shall any of the officers, directors, shareholders, members, managers, constituent partners, parent company, or employees of Consulting Company or a Consulting Company Affiliate ever be liable for any act or omission, negligent, willful, tortious or otherwise of Consulting Company or a Consulting Company Affiliate or its or their agents or subsidiaries.

6.13 Headings. The headings of the Sections, subsections, paragraphs and subparagraphs hereof are provided herein for and only for convenience of reference, and shall not be considered in construing their contents.

6.14 Construction. As used herein, (a) the term "*person*" means a natural person, a trustee, a corporation, a limited liability company, a partnership and any other form of legal entity, and (b) all references made (i) in the neuter, masculine or feminine genders shall be deemed to have been made in all such genders, (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, and (iii) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed to have been made to such Section, subsection, paragraph or subparagraph of this Agreement.

[SIGNATURES ON NEXT PAGE]

July 17, 2018

10:25 A.M.

IN WITNESS WHEREOF, the parties have executed this Agreement as of

May 1, 2018

CONSULTING COMPANY:

Clinical Support Partners, LLC
a Delaware limited liability company

By:

Ava Green
Ava Green, President

OPERATOR:

SODDY DAISY HEALTHCARE, LLC d/b/a Soddy-Daisy Health Care Center a Tennessee limited liability company

By:

Ember Souchet

Name:

Ember Souchet

Its:

Authorized Representative

EXHIBIT A

FEES

Fees shall be equal to ONE PERCENT (1%) of the Project Revenues (after contractual allowances) from all sources for each Fiscal Year of the term of this Agreement.

“Project Revenues” means, collectively, with respect to a specific period of time, the revenues derived from all sources in connection with the Project during such period of time (including without limitation, income from monthly occupancy fees, ancillary fees, meals for residents, move-in fees and care level fees); provided, however, that Project Revenues shall not include or mean (i) interest or investment income of Operator, (ii) capital contributions of Operator, (iii) insurance proceeds (provided however, business interruption insurance proceeds shall be included in “Project Revenues”), (iv) tax refunds, (v) condemnation proceeds or awards, (vi) any gain or loss on the sale of an asset not in the ordinary course of business, and (vii) any gift, grant, bequest, contribution or donation, and any income or profits therefrom, or (viii) amounts collected from any Residents as trust funds or security deposits, if any, except to the extent those security deposits are actually applied against the payments owed to the Project.

Attachment Section A-6A

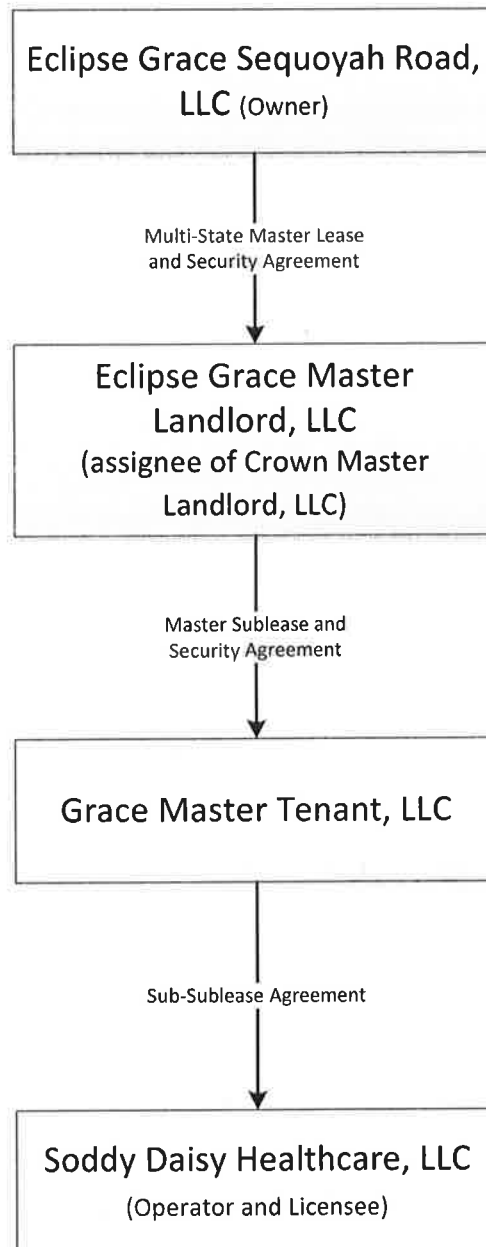
Revised Chart of Lease Parties and Documents

Second Amendment to Master Sublease and Security Agreement referencing
Assignment from Crown Master Landlord, LLC to Eclipse Grace Master Landlord,
LLC

July 17, 2018

10:25 A.M.

Soddy Daisy Healthcare Center



**SECOND AMENDMENT TO MASTER SUBLEASE AND SECURITY AGREEMENT
(GRACE MULTI-STATE)**

This **SECOND AMENDMENT TO MASTER SUBLEASE AND SECURITY AGREEMENT** (this "Amendment") is made as of September 25, 2017 (the "Amendment Effective Date"), by and between Eclipse Grace Master Landlord, LLC ("Landlord") and Grace Master Tenant, LLC ("Tenant").

WITNESSETH:

WHEREAS, Crown Master Landlord, LLC ("Original Landlord") and Tenant are parties to that certain Master Sublease and Security Agreement dated January 21, 2011 (the "Original Lease"), pursuant to which Original Landlord subleased to Tenant the Premises (as defined therein);

WHEREAS, pursuant to that certain Assignment and Assumption Agreement – Operating Lease (Grace Multi-State) dated May 7, 2014 (the "Assignment"), Original Landlord assigned all of its rights, title and interests as "Landlord" in, to and under the Original Lease to Landlord;

WHEREAS, the Original Lease, as assigned pursuant to the Assignment, and as amended pursuant to that certain Amendment to Master Sublease and Security Agreement dated August 13, 2015 between Landlord and Tenant, and as the same may be hereafter further amended, restated, replaced, supplemented and/or otherwise modified from time to time, is referred to herein as the "Lease"; and

WHEREAS, pursuant to Section 53 of the Lease, Landlord and Tenant desire to amend the Lease in accordance with the terms herein.

NOW, THEREFORE, in consideration of the covenants, conditions and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree to amend the Lease as follows:

1. Capitalized Terms. Capitalized Terms used but not defined herein shall have the meanings ascribed to such terms in the Lease.

2. Definition. The definition of Renewal Term in Section 1 of the Lease is hereby deleted in its entirety and replaced with the following:

“**Renewal Term**” means the Renewal Term commencing upon the expiration of the Initial Term or, if applicable, the additional Renewal Term described in Section 2.3.”

3. Extension of Term. Effective as of the Amendment Effective Date:

(a) Section 2.2 of the Lease shall be deemed deleted in its entirety and replaced with the following:

Term. The term of this Lease shall commence at 12:01 a.m. on the Effective Date and shall end on December 31, 2020 (the "**Initial Term**"). Following the Initial Term, the term of this Lease shall automatically continue for an additional Renewal Term of five (5) years and shall end on December 31, 2025, unless extended pursuant to Section 2.3 or 22.6 or earlier terminated in accordance with the provisions hereof."

- (b) The first paragraph of Section 2.3 of the Lease shall be deemed deleted in its entirety and replaced with the following:

Renewal Term. The Term may be extended for one (1) additional Renewal Term (a "**Renewal Term**", and together with the Renewal Term ending on December 31, 2025, the "**Renewal Terms**") of five (5) years, upon the satisfaction of all of the following terms and conditions:"

4. Soddy Daisy Expansion; Base Rent Increases. Effective as of the Amendment Effective Date, the following shall be added to the Lease as a new Section 6.6:

Soddy Daisy Expansion. Notwithstanding the terms of Sections 6.1.4 and 6.5 of the Lease, Tenant shall have the right to expand the portion of the Premises known as the Soddy Daisy Health Care facility, which is located at 701 Sequoyah Road, Soddy Daisy, Tennessee, upon the satisfaction of all of the following terms and conditions (such Capital Expenditure expansion project, the "**Soddy Daisy Expansion**"):

6.5.1 Tenant has provided Landlord with evidence of appropriate insurance (as determined by Landlord) for the Soddy Daisy Expansion.

6.5.2 Tenant has provided Landlord with evidence of sufficient funds to pay all costs reasonably anticipated to be incurred in connection with the Soddy Daisy Expansion. Notwithstanding the terms of Section 6.6 of the Lease to the contrary, Landlord shall reimburse Tenant for any actual out-of-pocket costs incurred by Tenant in connection with the Soddy Daisy Expansion up to a maximum of Three Million Three Hundred Fifty Thousand and 00/100 Dollars (\$3,350,000) (the "**Maximum Expansion Amount**"). So long as no Event of Default has occurred and is continuing, Landlord shall reimburse Tenant for such costs within thirty (30) days after submission by Tenant to Landlord of the required Capital Expenditure Documents and such other evidence as Landlord may reasonably require evidencing that Tenant has incurred costs for the Soddy Daisy Expansion together with a request for Landlord to reimburse Tenant pursuant to the Capital Expenditure Documents; provided, that Landlord shall not be obligated to disburse to Tenant any amount in excess of the Maximum Expansion Amount or more than once in any thirty (30) day period.

6.5.3 Tenant has delivered to Landlord a completion guaranty with respect to the Soddy Daisy Expansion in the form attached hereto as Exhibit G prior to commencement of the Soddy Daisy Expansion.

6.5.4 Subject to the applicable terms of Section 6.1.4 hereof, Tenant may use funds held in the Capital Expenditure Account in connection with the Soddy Daisy Expansion. Any funds held by Landlord in the Capital Expenditure Account at the expiration of the Term with respect to the Soddy Daisy Expansion shall be the sole property of Landlord. Tenant shall not be entitled to a disbursement of any funds from the Capital Expenditure Account for the Soddy Daisy Expansion during the continuance of an Event of Default.

6.5.5 All work done in connection therewith shall be done in a good and workmanlike manner and in compliance with all existing codes and regulations pertaining to the Premises and shall comply with the requirements of insurance policies required under this Lease.

6.5.6 Senior Lender or Landlord may, at any time and from time to time, cause to be made inspections of the Premises (including, without limitation, the area constituting the Soddy Daisy Expansion) by a qualified third party inspection.

6.5.7 The Minimum Rent due to Landlord for each calendar month shall be increased by eleven percent (11%) of the amount (if any) expended by Landlord during the prior month to reimburse Tenant for Tenant's actual out-of-pocket costs incurred by Tenant in connection with the Soddy Daisy Expansion.

5. No Change in Terms and Conditions. Except as modified herein, the Lease is ratified and confirmed and remains in full force and effect. To the extent of any conflict or inconsistency between the terms of this instrument and the Lease, this instrument shall control.

6. Counterparts. This Amendment may be executed and delivered, including by facsimile transmission or by electronic transmission in Adobe portable document format (.pdf), in counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same instrument.

[Signatures on Next Page]

July 17, 2018

10:25 A.M.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

LANDLORD:

ECLIPSE GRACE MASTER LANDLORD, LLC

By: _____

Name: Cory Bennett

Title: Authorized Signatory

TENANT:

GRACE MASTER TENANT, LLC

By: _____

Name:

Title:

July 17, 2018

10:25 A.M.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

LANDLORD:

ECLIPSE GRACE MASTER LANDLORD, LLC

By: _____

Name:

Title: Authorized Signatory

TENANT:

GRACE MASTER TENANT, LLC

By: _____

Name:

Title:

Gentiana B. Matthey
Gentiana B. Matthey
COO

Supplemental #1

July 17, 2018

10:25 A.M.

AMENDMENT TO MASTER SUBLEASE AND SECURITY AGREEMENT

July 17, 2018

10:25 A.M.

EXECUTION VERSION

**AMENDMENT TO MASTER SUBLEASE AND SECURITY AGREEMENT
(GRACE MULTI-STATE)**

This **AMENDMENT TO MASTER SUBLEASE AND SECURITY AGREEMENT** (this "Amendment") is made as of August 13, 2015, by and between Eclipse Grace Master Landlord, LLC ("Landlord") and Grace Master Tenant, LLC ("Tenant").

WITNESSETH:

WHEREAS, Crown Master Landlord, LLC ("Original Landlord") and Tenant are parties to that certain Master Sublease and Security Agreement dated January 21, 2011 (the "Lease"), pursuant to which Original Landlord subleased to Tenant the Premises (as defined therein);

WHEREAS, pursuant to that certain Assignment and Assumption Agreement – Operating Lease (Grace Multi-State) dated May 7, 2014, Original Landlord assigned all of its rights, title and interests as "Landlord" in, to and under the Lease to Landlord; and

WHEREAS, pursuant to Section 53 of the Lease, Landlord and Tenant desire to amend the Lease in accordance with the terms herein.

NOW, THEREFORE, in consideration of the covenants, conditions and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree to amend the Lease as follows:

1. Fixed Charge. The definition of Fixed Charge in Section 1 of the Lease is hereby deleted in its entirety and replaced with the following:

" Fixed Charge means, at any time, the sum of (i) all interest expense obligations of Tenant and Subtenants; plus (ii) scheduled principal payments on all debt obligations of Tenant and Subtenants; plus (iii) expenses relating to all capitalized leases of Tenant and Subtenants but excluding any expenses of Tenant and Subtenants under this Lease, except as provided herein; plus (iv) Percentage Rent under this Lease; plus (v) dividends and distributions of Tenant and Subtenants, if any; plus (vi) income tax obligations of Tenant and Subtenants (but not less than zero), all determined on a consolidated basis and in conformity with GAAP. For the avoidance of doubt, any interest in connection with the Working Capital Financing made to Tenant shall be excluded from the term "Fixed Charge."

2. Key Personnel. Section 21.2 of the Lease shall be deleted in its entirety and replaced with the following:

"During the Initial Term and any Renewal Terms of this Lease, the following person shall be actively involved with the operation of Tenant's business on the Premises: Mike Roberts, President and COO (the "Key Personnel"). In the event that the Key Personnel's employment with Tenant is discontinued for any reason, Tenant shall provide written notice to Landlord, as well as a plan of recruitment for replacement of the Key Personnel within fifteen (15) business days after Tenant has

July 17, 2018

10:25 A.M.

notice of such discontinuance of employment. Tenant shall use its best efforts to replace the Key Personnel with a person having similar or better qualifications and experience, in Landlord's reasonable discretion, within ninety (90) days after the date of such notice to Landlord, subject to the review and approval of Landlord. If the Key Personnel is not replaced within 90 days after the date of such notice to Landlord, then Landlord shall have the option to terminate this Lease, by delivering not less than thirty (30) days prior written notice to Tenant. In the event of a termination of this Lease pursuant to this Section 21.2, the provisions of Section 15 herein shall apply."

3. No Change in Terms and Conditions. Except as modified herein, the Lease is ratified and confirmed and remains in full force and effect. To the extent of any conflict or inconsistency between the terms of this instrument and the Lease, this instrument shall control.

4. Counterparts. This Amendment may be executed and delivered, including by facsimile transmission or by electronic transmission in Adobe portable document format (.pdf), in counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same instrument.

[Signatures on Next Page]

July 17, 2018

10:25 A.M.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

LANDLORD:

ECLIPSE GRACE MASTER LANDLORD, LLC

By:

Scott Brown

Name: *Scott Brown*

Title: Authorized Signatory

TENANT:

GRACE MASTER TENANT, LLC

By:

Name:

Title:

[Signature Page to Amendment to Master Sublease and Security Agreement (Grace Multi-State)]

July 17, 2018

10:25 A.M.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

LANDLORD:

ECLIPSE GRACE MASTER LANDLORD, LLC

By: _____

Name: _____

Title: Authorized Signatory

TENANT:

GRACE MASTER TENANT, LLC

By: _____

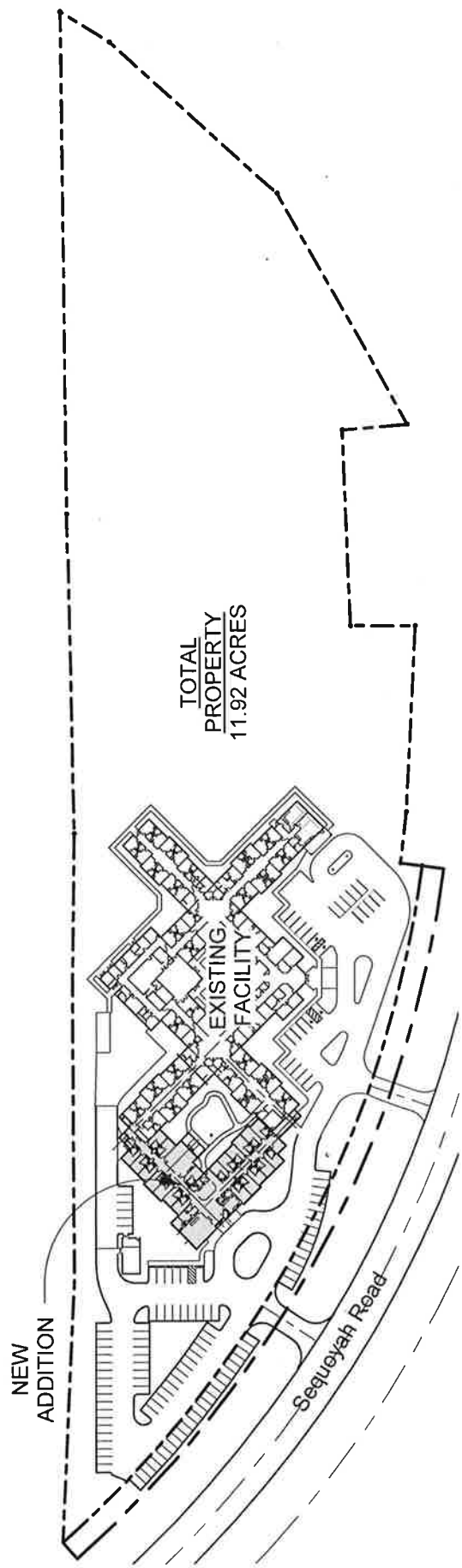
Name: _____

Title: Secretary

[Signature Page to Amendment to Master Sublease and Security Agreement (Grace Multi-State)]

Attachment Section A-6B-1 (a-d)

Plot Plan (including acreage)



Grace Healthcare Soddy Daisy
Property Plot Plan

Attachment Section B - Need - A

TDH Bed Need Chart

**NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS
METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS,
BY COUNTY AND STATE TOTAL, 2020 (Based on TN_CoPopProj_2017 UTCBER Projection Series)**

Supplemental #1

July 17, 2018

10:25 A.M.

COUNTY	TOTAL POP	BED NEED	COUNTY	TOTAL POP	BED NEED	COUNTY	TOTAL POP	BED NEED
STATE	6,883,347	52,741						
ANDERSON	77,227	803	HAMBLEN	65,264	580	MORGAN	21,904	168
BEDFORD	50,143	348	HAMILTON	369,758	3,135	OBION	30,110	298
BENTON	15,887	171	HANCOCK	6,468	58	OVERTON	22,425	209
BLEDSE	15,102	124	HARDEMAN	24,965	207	PERRY	8,022	80
BLOUNT	134,265	1,279	HARDIN	25,615	279	PICKETT	5,116	65
BRADLEY	108,080	862	HAWKINS	56,606	548	POLK	16,973	156
CAMPBELL	39,867	375	HAYWOOD	17,331	153	PUTNAM	78,839	640
CANNON	14,193	134	HENDERSON	28,336	232	RHEA	33,185	287
CARROLL	27,742	284	HENRY	32,538	349	ROANE	52,819	577
CARTER	55,912	586	HICKMAN	24,567	192	ROBERTSON	72,550	491
CHEATHAM	40,536	269	HOUSTON	8,146	79	RUTHERFORD	338,405	1,655
CHESTER	17,851	157	HUMPHREYS	18,372	169	SCOTT	22,044	170
CLAIBORNE	31,890	289	JACKSON	11,779	116	SEQUATCHIE	15,629	148
CLAY	7,617	92	JEFFERSON	55,178	515	SEVIER	102,302	870
COCKE	35,310	332	JOHNSON	17,757	180	SHELBY	950,325	5,979
COFFEE	56,374	473	KNOX	472,696	3,557	SMITH	19,964	148
CROCKETT	14,481	138	LAKE	7,639	56	STEWART	13,270	121
CUMBERLAND	61,043	852	LAUDERDALE	26,783	186	SULLIVAN	156,573	1,654
DAVIDSON	715,491	4,038	LAWRENCE	43,607	391	SUMNER	191,743	1,419
DECATUR	11,742	142	LEWIS	11,881	118	TIPTON	63,690	416
DEKALB	19,716	173	LINCOLN	33,960	315	TROUSDALE	8,655	61
DICKSON	54,556	418	LOUDON	54,039	655	UNICOI	17,805	203
DYER	37,833	319	MCMINN	53,640	512	UNION	19,375	152
FAYETTE	41,852	393	MCNAIRY	26,118	253	VAN BUREN	5,653	53
FENTRESS	18,286	175	MACON	24,455	183	WARREN	40,773	345
FRANKLIN	41,998	407	MADISON	98,801	812	WASHINGTON	132,269	1,152
GIBSON	50,179	470	MARION	28,988	255	WAYNE	16,617	156
GILES	29,129	285	MARSHALL	33,131	241	WEAKLEY	33,052	310
GRAINGER	23,443	201	MAURY	94,683	719	WHITE	27,267	270
GREENE	69,598	692	MEIGS	12,238	106	WILLIAMSON	241,035	1,496
GRUNDY	13,098	131	MONROE	47,087	444	WILSON	143,007	1,007
			MONTGOMERY	212,678	909			
			MOORE	6,408	69			

PREPARED BY: TENNESSEE DEPARTMENT OF HEALTH, DIVISION OF POLICY, PLANNING AND ASSESSMENT

May 2018

Source: Boyd Center for Business and Economic Research, University of Tennessee, Knoxville
Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment
Note: Totals may not match due to rounding.

Attachment Section B

Contribution to the Orderly Development of Health Care - D-1



Department of
Health

Supplemental #1

July 17, 2018

10:25 A.M.

June 13, 2017

Mr. Aaron Spinks, Administrator
Soddy Daisy Health Care Center
701 Sequoyah Road
Soddy Daisy TN 37379

Re: 44-5408

Dear Mr. Spinks:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey on April 17 - 19, 2017. An on-site revisit and desk review of the facility's plan of correction for the deficiencies cited as a result of the survey was conducted on June 6, 2017. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of May 22, 2017.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,

A handwritten signature in cursive script that reads "Tamra Turberville / afl".

Tamra Turberville, RN, MSN
Public Health Regional Regulatory Program Manager

TT: afl

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

Supplemental #1 PRINTED: 04/20/2017
FORM APPROVED
July 17, 2018 10:25 A.M. OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445408	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 04/19/2017
---	---	--	---

NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379
--	---

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
--------------------------	--	---------------------	--	----------------------------

F 000 INITIAL COMMENTS

During the annual recertification survey conducted on 4/17-19/17 at Soddy-Daisy Health Care Center, no deficiencies were cited under 42 CFR PART 483, Requirements for Long Term Care.

F 000

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the institution has implemented safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Division of Health Care Facilities

July 17, 2018
10:25 A.M.

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN3315	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 04/19/2017
---	---	--	---

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

SODDY-DAISY HEALTH CARE CENTER

701 SEQUOYAH ROAD
SODDY-DAISY, TN 37379

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 000	Initial Comments A Licensure survey was conducted on 4/17/17 through 4/19/17, at Soddy-Daisy Health Care Center. No Health deficiencies were cited in relation to the survey under chapter 1200-08-06, Standards For Nursing Homes.	N 000		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

6893

L1GD11

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

Supplemental

PRINTED: 04/20/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445408	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING	July 17, 2018 10:25 A.M.	(X3) DATE SURVEY COMPLETED 04/17/2017
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NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 000	INITIAL COMMENTS	K 000		
K 351 SS=D	<p>A Life Safety Survey was conducted by the State of Tennessee Department of Health Division of Health Licensure and Regulation Office of Health Care Facilities survey on 4/17/17. During this Life Safety Survey, Soddy Daisy Healthcare Center was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR Subpart 483.70(a), Life Safety from Fire, and the related National Fire Protection Association (NFPA) standard 101 - 2012 edition.</p> <p>The requirement at 42 CFR, Subpart 483.70(a) is NOT MET as evidenced by</p> <p>NFPA 101 Sprinkler System - Installation</p> <p>Sprinkler System - Installation 2012 EXISTING</p> <p>Nursing homes, and hospitals where required by construction type, are protected throughout by an approved automatic sprinkler system in accordance with NFPA 13, Standard for the Installation of Sprinkler Systems.</p> <p>In Type I and II construction, alternative protection measures are permitted to be substituted for sprinkler protection in specific areas where state or local regulations prohibit sprinklers.</p> <p>In hospitals, sprinklers are not required in clothes closets of patient sleeping rooms where the area of the closet does not exceed 6 square feet and sprinkler coverage covers the closet footprint as required by NFPA 13, Standard for Installation of Sprinkler Systems.</p> <p>19.3.5.1, 19.3.5.2, 19.3.5.3, 19.3.5.4, 19.3.5.5, 19.4.2, 19.3.5.10, 9.7, 9.7.1.1(1)</p> <p>This STANDARD is not met as evidenced by: Based on observation, the facility failed to</p>	<p>K 351</p> <ol style="list-style-type: none"> On 4/19/2017 Chattanooga Fire Protection assessed the can wash area needing the sprinkler head and provided a quote for the necessary work. The work is expected to be completed by 5/8/2017. The Maintenance Director conducted an audit of the entire facility to ensure all areas were protected by an automatic sprinkler system on 4/19/2017. The Maintenance Director was in-serviced by the Administrator on ensuring that the facility was protected throughout by an automatic sprinkler system in accordance with NFPA 13 on 4/17/2017. The Maintenance Director will conduct a weekly audit of all areas to ensure there is an automatic sprinkler system protecting the facility for 3 weeks and then monthly for 2 months or until 100% compliant. This audit will be added to the preventative maintenance program. 	5/22/2017	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

Supplemental #

PRINTED: 04/20/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445408	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING _____		July 17, 2018 10:25 A.M.	(X3) DATE SURVEY COMPLETED 04/17/2017
NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE	
K 351	Continued From page 1 provide all areas with sprinkler protection. NFPA 101 2012 Ed. 19.3.5.4, 9.7.1.1(1) NFPA 13 2010 Ed. 8.15.1.2.18, 8.15.1.2.18.1 The findings include: The deficiency affects smoke 1 of 7 smoke compartments. The census the day of the survey was 107 residents. Observation on 4/17/17 at 11:55 AM revealed the can wash area is not provided with sprinkler protection. The area is covered by an overhang of the combustible roof that extends 4 feet or greater out over the can wash area. The facility at one time did have sprinkler protection there but in a recent sprinkler project the existing sprinkler head was removed and a new sprinkler head was not installed. The maintenance director was present was the deficiencies were identified and acknowledged by the administrator during the exit conference on 4/17/17.	K 351	4. The Maintenance Director will present findings of the audits and the results will be reported and reviewed by the Quality Assurance and Performance Improvement Committee monthly. The committee consists of the Executive Director, Director of Nursing, Medical Director, Director of Marketing, Director of Social Services, Rehab Services Manager, Director of Activities, Dietary Manager, and Business Office Manager.			
K 753 SS=F	NFPA 101 Combustible Decorations Combustible Decorations Combustible decorations shall be prohibited unless one of the following is met: * Flame retardant or treated with approved fire-retardant coating that is listed and labeled for product. * Decorations meet NFPA 701. * Decorations exhibit heat release less than 100 kilowatts in accordance with NFPA 289. * Decorations, such as photographs, paintings and other art are attached to the walls, ceilings	K 753	K 753 1. On 4/17/2017 the combustible decorations were removed from the resident room doors for room doors 103, 113, 118, 124, 206, 208, 216. 2. The Maintenance Director conducted an audit of the facility to ensure there were no combustible decorations hanging on the outside of resident room doors 4/17/2017.		5/22/2017	

Division of Health Care Facilities

Supplemental #1

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN3315	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING B. WING _____	July 17, 2018 10:25 A.M. (X3) DATE SURVEY COMPLETED 04/17/2017
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NAME OF PROVIDER OR SUPPLIER .

STREET ADDRESS, CITY, STATE, ZIP CODE

SODDY-DAISY HEALTH CARE CENTER

701 SEQUOYAH ROAD
SODDY-DAISY, TN 37379

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	1200-8-6 No Deficiencies During the Life Safety portion of the annual Licensure survey conducted on 4/17/17, no deficiencies were cited under 1200-8-6, Standards for Nursing Homes.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

TYPE FORM

0000

L1GD21

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

Supplemental #4

PRINTED: 04/20/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445408	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING _____		July 17, 2018 10:25 A.M.	(X3) DATE SURVEY COMPLETED 04/17/2017
NAME OF PROVIDER OR SUPPLIER SODDY-DAISY HEALTH CARE CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 701 SEQUOYAH ROAD SODDY-DAISY, TN 37379			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE	
K 753	<p>Continued From page 2</p> <p>and non-fire-rated doors in accordance with 18.7.5.6 or 19.7.5.6.</p> <p>* The decorations in existing occupancies are in such limited quantities that a hazard of fire is not present.</p> <p>18.7.5.6, 19.7.5.6</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to have combustible decorations treated with a fire retardant coating.</p> <p>NFPA 101 2012 Ed. 19.7.5.6</p> <p>The deficiency affects 3 of 7 smoke compartments. The census the day of the survey was 107 residents.</p> <p>The findings include:</p> <p>Observation and interview with the maintenance director on 4/17/17 between 11:00 AM and 1:15 PM revealed the following locations have combustible decorations hanging on the outside of resident room doors:</p> <ol style="list-style-type: none"> 1. Resident room door 103. 2. Resident room door 113. 3. Resident room door 118. 4. Resident room door 124. 5. Resident room door 208. 6. Resident room door 206. 7. Resident room door 216. <p>The maintenance director was present was the deficiencies were identified and acknowledged by the administrator during the exit conference on 4/17/17.</p>	K 753	<ol style="list-style-type: none"> 3. The Maintenance Director, Activity Director, and Environmental Director were in-serviced on combustible decorations hanging on resident room doors on 4/19/2017. The Maintenance Director will conduct a daily audit of resident room doors for 5 days, then weekly for 3 weeks, then monthly for 2 months or until 100% compliant. This audit will be added to the preventative maintenance program. 4. The Maintenance Director will present findings of the audits and the results will be reported and reviewed by the Quality Assurance and Performance Improvement Committee monthly. The committee consists of the Executive Director, Director of Nursing, Medical Director, Director of Marketing, Director of Social Services, Rehab Services Manager, Director of Activities, Dietary Manager, and Business Office Manager. 			

July 17, 2018

10:25 A.M.

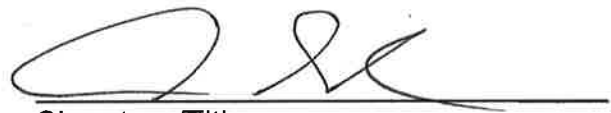
AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF HAMILTON

NAME OF FACILITY: SODDY DAISY HEALTHCARE CENTER

I, AARON SPINKS, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Signature/Title

DIRECTOR OF BUSINESS DEVELOPMENT
GRACE HEALTHCARE SUPPORT SERVICES

Sworn to and subscribed before me, a Notary Public, this the 16th day of JULY, 2018, witness my hand at office in the County of HAMILTON, State of Tennessee.

Wendy S. Tipton
NOTARY PUBLIC

My commission expires 5-11, 2019.

HF-0043

Revised 7/02



Supplemental #2 (Original)

Soddy Daisy
HealthCare, LLC

CN1806-024

JUL 30 10 46 AM '18

July 30, 2018

10:46 A.M.

SODDY DAISY HEALTHCARE, LLC
801 Broad Street, Suite 300
Chattanooga, TN 37402

July 27, 2018

VIA FED EX

Mr. Phillip Earhart
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1806-024
Soddy Daisy Healthcare, LLC

Dear Mr. Earhart:

Set forth below are the responses of Soddy Daisy Healthcare, LLC, the Applicant in Certificate of Need Application CN1806-024, to the request for information dated June 26, 2018. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section A, Executive Summary, Rationale for Approval B.1

The Medicaid table on the top of page two of supplemental one is noted. Please clarify if the last column of the table is referring to gross revenue or net revenue.

RESPONSE:

The last column of the table is referring to net patient revenue. Please see revised table below.

Facility	Calculation [Net Patient Revenue from Medicaid/TennCare MCO / Net Patient Revenue Total Government]	Medicaid as % of Government Revenue (Net Patient Revenue)
Life Care Center of Hixson	\$672,095 / \$8,988,577	7.4%
Alexian Village	\$3,730 / \$4,407,440	.08%
Soddy Daisy Healthcare Center	\$4,001,714 / \$8,080,021	49.52%

2. Section C, Need, Item E.

The utilization tables located on pages 6-7 of supplemental #1 is noted. However, please provide totals for each column in the bottom row of each table.

In both tables on pages 6 and 7 the applicant notes Life Care Center of East Ridge's JAR is not accurate (new facility in 2015). However, Life Care Center of East Ridge (CN1410-044A) was approved at the March 25, 2015 Agency meeting for a replacement of their existing 130 bed facility with a new 108 bed facility with 22 beds being delicensed. In application CN1410-044A, the applicant noted the facility would be closed for 2.5 years until a new facility would be built. Life Care Center of East Ridge reported 5,347 patient days on 130 licensed beds for the period of January 1, 2015 through May 31, 2015. Please assign the 2015 5,347 patient days on 130 licensed beds to Life Center of East Ridge in both tables on page 5 and 6 using a pro-rated approach (151/365 days) to calculate utilization for 2015.

The applicant also noted in the tables on pages 6 and 7 that Woodland Terrace fka Stratford House (Consulate) reported no data for 2016. HSDA staff confirmed with Health Statistics that Woodland Terrace fka Stratford House (Consulate)'s ownership changed and the previous owner did not provide data to the new owner to complete the 2016 Joint Annual Report. Please take the average of Woodland Terrace fka Stratford House (Consulate)'s 2014 and 2015 JAR utilization and apply the average to their 2016 JAR for the tables on pages 5 and 6. Please make a footnote at the bottom of both tables noting the 2016 JAR is an average for the years 2014 and 2015.

RESPONSE: Please see revised tables on the following pages.

Nursing Home	2016 Lic.'d Beds	2014 Patient Days	2015 Patient Days	2016 Patient Days	'14- '16% Change	2014 % Occ.	2015 % Occ.	2016 % Occ.
Soddy Daisy Health Care Center	120	39677	35350	40118	1.1%	90.6%	80.7%	91.6%
Alexian Village Health & Rehab	114	36019	36374	38901	8%	86.6%	87.4%	93.5%
Life Care Center of Hixson	108	33349	31635	26277	-21.2%	87.9%	83.3%	66.7%
Life Care Center of Red Bank	148	40111	40111	40349	.59%	74.3%	74.3%	74.7%
Life Care Center of Collegedale	124	37801	41093	39770	5.2%	83.5%	90.8%	87.9%
Life Care Center of East Ridge* (130 licensed beds in 2014 and 2015)	108	25038	5347	No JAR in system	N/A	52.77% 25,038/ 47,450	27.24% 5347/ 19,630	No JAR in system
Life Care Center of Ooltewah	120	27247	27123	23343	3904	62.21%	61.93%	53.3%
NHC Healthcare	200	62619	65775	66369	6%	87.5%	91.9%	92.8%
Woodland Terrace fka Stratford House (Consulate)**	127	43953	38221	41087	-2866	94.8%	82.45%	88.6%
The Health Center at Standifer Place	444	141220	144996	144329	2.2%	87.1%	89.5%	89.1%
St. Barnabas at Siskin	108	34213	27444	25729	-24.8%	86.7%	87.42%	65.3%
Total	1,721[^] 1,743^{^^}	521,247	493,469	486,272	--	--	--	--

Source: 2014-2016 JAR Reports

*Life Care Center of East Ridge closed in 2015 to build a replacement facility with 108 beds. Calculations are based on 151/365 days in 2015. Licensed beds were 130 in 2014 and 2015.

**No 2016 data in JAR report. 2016 numbers are an average of 2014 and 2015 numbers.

[^] Number of licensed beds if using 108 beds for Life Care Center of East Ridge

^{^^} Number of licensed beds if using 130 beds for Life Care Center of East Ridge

Hamilton County Nursing Home Utilization – Most Recent JAR (2016)

Facility	Lic. Beds	SNF Beds-Medicare	SNF Beds-Medicare/Medicaid	Other Lic. Beds	SNF Medicare ADC	SNF Medicaid ADC	SNF Other ADC	Non-Skilled Medicaid ADC	Non-Skilled All Other Payor ADC	Total ADC
Soddy Daisy Health Care Center	120	120	120	0	22.69	0	0	69.85	17.37	109.91
Alexian Village	114	114	114	0	19.37	0	.09	1.21	85.90	106.6
Life Care Center of Hixson	108	108	108	0	52.4	0	1.32	9.02	9.21	71.99
Life Care Center of Red Bank	148	148	148	0	29.22	.14	1.62	60.53	19.04	110.55
Life Care Center of Collegedale	124	124	0	0	24.79	.54	1.19	60.14	22.3	108.96
Life Care Center of East Ridge*	130	130	0	0	29.89	0	5.52	0	0	35.41
Life Care Center of Ooltewah	120	120	0	0	49.38	0	2.23	0	12.35	63.95
NHC Healthcare	200	158	158	42 Medicaid only	36.8	16.95	9.5	105.47	13.12	181.83
Woodland Terrace fka Stratford House**	127	127	127	0	14.0	3.3	0	73.88	21.09	112.57^ 112.27^
The Health Center at Standifer Place	444	444	319	0	40.39	95.99	5.96	197.97	55.11	395.42
St. Barnabas at Siskin	108	108	108	0	29.55	.08	4.48	34.52	1.87	70.49
Total	1,743	1,701	1,202	42	348.48	117	31.9	612.59	257.36	1367.68

Source: 2016 Joint Annual Reports (except as set forth below)

*Life Care Center of East Ridge closed in 2015 to build a replacement facility with 108 beds. The most recent JAR is 2015. Calculations for LCCA East Ridge are based on 151/365 days in 2015.

** There is no data in the 2016 JAR report for Woodland Terrace. Licensed bed numbers are from the 2015 JAR Report. Calculations of ADCs are based on an average of 2014 JAR and 2015 JAR numbers.

^ Averaging out the numbers creates a slight differential between totaling the separate columns and the total ADCs.

3. Section B, Economic Feasibility, Item D - Projected Data Chart

It is noted the Project Only Projected Data Chart has been adjusted to reflect the proposed addition of 14 beds. However, did the applicant adjust the Total Facility Projected Data Chart as a result of the Project Only Projected Data Chart gross charges adjustment? Please clarify.

RESPONSE: The Total Facility Projected Data Chart was not adjusted because it was correct in the original application. The Applicant prepared a proforma for the Total Facility including the Project and then backed out the existing facility (current facility before bed addition) information to come up with the Project-specific data. The error occurred in the numbers pulled out of the Total Facility to identify the Project-specific data. Accordingly, adjustments to the Project Only Projected Data Chart do not affect the Total Facility Projected Data Chart.

4. Section B, Economic Feasibility, Item H

The projected staffing table is noted. However, the Direct Care Positions for Year One appear to add up to 83.3 FTEs in the Projected FTE column. Please correct and submit a replacement page 39 (labeled as 39R2).

RESPONSE: Please see corrected version attached as 39R2.

Sincerely,



Aaron Spinks

Attachments

CORRECTED PAGE

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
RN	6.7	6.2	26.00	26.88
LPN	20.7	23.6	12.00	18.50
CNA	39.1	53.5	12.00	11.98
Total Direct Patient Care Positions	66.5	83.3	16.21	15.51
b) Non-Patient Care Positions				
Activity Director	1.0	1.0	21.50	20.28
Activity Staff	2.1	3.0	14.85	12.85
Business Office Manager	0.8	1.0	26.25	24.46
Business Office Staff	2.3	2.9	11.33	12.33
Administrator	1.0	1.0	52.88	48.98
Medical Supply Staff	1.0	1.0	16.00	18.52
Dietary Director	1.0	1.0	24.51	20.85
Dietary Staff	10.0	11.4	10.03	9.82
Housekeeping Director	1.0	1.0	19.00	14.36
Housekeeping Staff	7.1	7.9	10.16	9.27
Human Resource Director	1.0	1.0	15.00	18.16
Laundry Staff	2.3	2.8	9.41	9.45
Admissions	0.2	1.5	13.00	12.33
Director of Marketing	1.0	1.0	39.23	45.32
Medical Records Staff	1.0	1.0	15.88	16.24
Asst. DON	1.3	1.0	34.75	32.33
Director of Nursing	1.3	1.0	45.67	39.36
MDS	1.7	4.0	30.50	25.71
QA	0.2	1.0	33.48	33.30
Scheduler	0.2	1.0	27.00	26.88
Maintenance Director	1.0	1.0	25.50	20.80
Maintenance Staff	1.1	2.0	12.00	10.87
Social Services Director	1.0	1.0	27.50	24.32
Social Services Staff	1.9	2.0	17.50	12.85
Total Non-Patient Care Positions	42.5	52.5	17.53	16.23
Total Employees (A+B)	109.0	135.8		
c) Contractual Staff	12.9	16.7		
Total Staff (a+b+c)	121.9	152.5		

July 30, 2018

10:46 A.M.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF HAMILTON

NAME OF FACILITY: Soddy Daisy Healthcare Center

I, Aaron Spinks, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27th day of July, 2018, witness my hand at office in the County of HAMILTON, State of Tennessee.

[Signature: Wendy S. Tipton]
NOTARY PUBLIC

My commission expires May 11, 2019.

HF-0043

Revised 7/02

